



Media Release

Building a Better Bank for the Future

CEO Matt Comyn's address to the Trans-Tasman Business Circle

Tuesday, 28 May 2019: Thanks very much Tony for the kind introduction. I have had the opportunity to work with Tony for many years and I appreciate the support today on all other days. I did want to start by first acknowledging the Gadigal people of the Eora Nation, the traditional custodians of the land in which we are meeting today, and to pay my respects to their Elders both past and present, and at any other indigenous Australians that are with us today. I did also want to briefly thank Johnny and the team. As a longstanding Trans-Tasman company I am very proud to be here today, and using the opportunity to speak to the business circle.

As Tony alluded to in the introduction to my speech was very much looking at the history of the Commonwealth Bank, which as he faithfully represented actually originated from a banking crisis in the late 1890s where the private banks actually failed, and the newly established Federation of Australia, a decade later, actually finally passed an Act of Parliament, which in effect was to implement a new financial institution and certainly a critical part of what they thought at the time to ensure that the banking system which was broken was then fixed.

That Act of Parliament was actually passed on 22 of December 1911. We first opened our branch in July 1912 in Melbourne. And the mandate that was set in place at that time for the Commonwealth Bank was very clear. There were three elements to it. The Commonwealth Bank was to be a bank for all Australians. It was to be a bank for businesses. To help them grow, and for the economy to flourish. And it was to be a bank for the country. To see all people prosper, and of which the nation should be proud.

I have thought about the role coming into it, really reflecting on the past, I think those three critical elements are just as important today as they were then, and in effect being a really a guiding light to what the organisation should and has tried to stand for over more than 100 years.

We see that very much as the purpose of the organisation. We encapsulate those three elements very much around improving financial wellbeing of our customers and our communities. And it is really that that I want to talk about today, particularly as the context has shifted. What the Commonwealth Bank has been able to do during that period is adapt to various changes, whether they be World Wars, very tough economic conditions, the failure of the state banks in the early '90s, and of course the rapid adoption of a lot of technology. And before I shift to talking about how that simple purpose is going to be relevant in the context we are going to face over the next decade, I did want to spend a few moments talking specifically around the point of trust.

I have had the opportunity, since coming into the role, to speak with many of our customers. I wrote out to more than eight million of them last year. We have brought customers into all of our individual leadership forums. I hosted more than 50 customers just last week, and have met with many on a one on one basis. From our perspective it is all about making sure that we are embracing a different mindset inside the organisation, that we are getting from the top, right through, very close to our customers and really understanding, making sure we are listening and hearing what is on



their mind. Making sure that we are understanding any problems and really getting to the bottom of those issues, and then making sure that we are going through and fixing them where they arise. But most importantly embracing the full benefit of both our technology and of our people to deliver the best possible experience for our customers.

As we have thought about the concept of trust, we have really thought about it in the context of trust as being something that we earn, and it is something that is an outcome. So for us inside the Commonwealth Bank, this very simple thing that we want to focus on making sure that we are trustworthy as an organisation and as individuals. And there are three important elements to that. Firstly, we have to be capable and reliable. We just have to get things right. Secondly, we have to be transparent, and we have to make sure that we are doing the right thing for our customers and for the community. And thirdly, we need to make sure that we are delivering better outcomes for our customers and the communities that we serve. And beyond these three principles, what we are really going to be measured on over time is going to be our consistency: of intent, our consistency of actions, and importantly our consistency of outcomes.

Specifically around some of the steps that we are taking at the moment to ensure that we are getting things right and that we are doing the right thing, we are making big investments in our systems, making sure that we are delivering for our customers, and things are working inside our business as they should. We are more than halfway through the key milestones in response to the Prudential Inquiry, which looked very closely at key elements that needed to be improved around our governance, risk management, and culture. Unfortunately it has been necessary for us to refund \$600 million to our customers over the last few years. And we are working very quickly to ensure that we are refunding our customers in full as quickly as possible. This has meant that we are going to refund at least \$200 million and up to \$500 million this calendar year.

And lastly we have made some really proactive choices about what products and services we want to offer our customers, how we want to bring those to market, what fees we would like to charge, and also, we have made real investments in and around transparency, to make sure that our customers feel that we are delivering good value and better outcomes for them. In our quarterly result a couple of weeks ago we talked about the costs of those various choices, which was \$415 million per year. But we think it is a critical element, brought together as I said in ensuring there is both consistency of intent, consistency of actions, and consistency of outcomes.

But beyond just doing the right thing and making sure we are getting things right, we have to, as I said earlier, make sure we are delivering better outcomes for our customers and our communities. That we are a bank for all Australians, that we are a bank for businesses, and that we are a bank for the country. And I would like to spend some time talking about each of those now.

Being a bank for all Australians starts with our people. It is a privilege to lead the Commonwealth Bank of Australia, and our more than 48,000 people who are part of the organisation. One of the worst aspects actually of this role over the last year or so, has been seeing our people up close who have really borne the brunt of our customers' anger. We have seen record incidents of aggressive and abusive cases, and our people quite rightly feel let down. I am proud of them because of the work that they do, and of course I am very sorry for the situation that we have put them in. But our commitment to making sure that we move forward as an organisation and something that they are proud of, and something that we really feel that we are contributing to, is a very important part of my role, and of course leaders throughout the organisation.

So as we have tried to really harness some of their thoughts and feedback, and working closely with them, we have really thought about what is that actually going to mean for many of our customers, and how do we make sure that we are making the right balances and trade-offs?



One of those opportunities in having written to eight million customers and having responses from almost 14,000, is going through a number of those and really seeing up close some of the very different expectations that are required for a bank for all Australians. Now firstly as you would expect a number of customers wrote to me specifically around the branch network. One of those customers finished off his letter saying “I am sure I will never hear from you again, but here are my thoughts”. I was lucky enough to catch him as he was mowing the lawn, he lives up on the north coast of New South Wales.

He was very focused about the branch that was in close proximity to him, knowing that the number of branches has been and will continue to reduce over time. Actually just the most important thing in his mind, and he is not alone, that I can do in my role is making sure that there is a branch in reasonable proximity to where he lives. We had a really good conversation about how I thought banking would change, but also in my mind a real commitment for us is even as the number of branches reduce, and the number of physical points of presence, we will right retain and maintain a very large branch network, and the largest in the country.

The second is, as we have thought about simplifying the products and services that we offer, trying to remove some of the products and the duplication and some of the complexity, which of course has some benefits for the organisation in terms of lower cost and lower risk to manage. One of the very topical areas is around particularly the provision of passbooks. We get asked this question regularly, often at the AGM. In fact every year at the AGM. We have more than 400,000 passbook holders, very loyal customers, which we stopped selling or providing the passbook account more than a decade ago. We have tried for many years as a part of that decade to help customers transition from the passbook. And I can remember in the last couple of years we did another piece of research trialling some different offers that we thought may be able to encourage some of our customers. And the research that came back was, overwhelmingly do not do it.

One of the verbatim which always sticks in my mind is from one of our customers which was, “I hope I die before the Commonwealth Bank takes away my passbook.” We are talking with the research firm and when you have got customers preferencing death over the cessation of a product or service, it feels like a pretty difficult area to go after. So I am very confident that we will continue to offer passbooks during my tenure within the organisation, notwithstanding of course there will be changes in other areas.

When we talk about our contact centres, we have more than 2,000 people onshore in our contact centres from Perth, Brisbane, Melbourne, Newcastle, Sydney, Hobart, Launceston. And for our 10 million calls that we take through our contact centre, obviously what our customers really want is, at that particular point in time, someone who cares about what they are ringing for, and someone who can often help them.

Now, of course, as we are investing in digital, and I will talk a little bit more about digital in a moment, we would like that volume of 10 million calls to come down. But we will retain our on onshore contact centres with a real commitment to making sure that we are helping customers when they need us most, and particularly in those matters in their life that really are important to them, and to any of us. That can include fraud, when they actually just need help when there is a disputed transaction.

I also want to just talk a little bit about digital. We are here where our aspirations are very clear. We have to be the best digital provider in Australia bar none. We were recently awarded the number one mobile banking app in Australia. Number three globally. Which is good. A number of my digital team are here today. But it is not good enough. We have to really benchmark ourselves against a standard which ensures that we are delivering the best digital experience in any of our customers’ lives.



When I think about particularly over the last five or six years, some of the benefits that we have been able to deliver for our customers, where we now have 6.7 million active digital customers, more than five million daily logins into our mobile banking app, and actually our mobile wallet inside the CommBank app, we have got more than two million accounts regularly using it, which is roughly the same amount as all of the other financial institutions in Australia combined.

When I think about what our customers actually really like, and you can see it quite clearly when you go back to 2013, 2014, our customer service scores and our reputation really improved because customers love the convenience, they love the richness of what you could now do within a mobile banking app. And the big question for us is well, what is the next step that we are going to take to deliver for our customers?

And in this case we are trialling now, we have got an internal staff pilot at the moment, but in the coming two to three months we are going to roll out the next version of our mobile app. And importantly what that really is going to be is an app for every one of our customers. We want it to not only be the CommBank app, but really to feel like it is your app. It is going to be personalised and customised and relevant in a way which we believe we can demonstrate and add real value to our customers.

Now what does that mean? It basically means when you log into the app it will be personalised and you can set both a look and feel behind it. But also it will show you on the home screen the most relevant thing for you. That could be how your spending compares with last month. It might be reminding you about when your credit card payment is coming up. It could be telling you to take action because you have overdrawn your account. It could be helping you pick up where you left off in an application, and it could be providing all sorts of other improvements which are hopefully going to help you make as a customer much better decisions.

Now what enables this and makes it possible is some really interesting and, I think, sophisticated technology that we have been working on for the last few years. We are able to now analyse 157 billion data points in real time. We do that across 200 advanced machine learning models. And we serve up in real time, and over the context of the next 12 months, three billion personalised messages inside the mobile banking app.

One of the other features that we have recently added is trying to help customers identify and receive benefits that they are otherwise entitled to. This can be as simple as a pensioner who does not know they are entitled to a particular benefit. We used it very successfully for rebates that many customers were entitled to in New South Wales for their CTP green slip. I had someone stop me in the street just walking up Market Street just a couple of weeks ago where they had found \$625.00 of unclaimed money in their account that had gone to a previous address years ago. And believe me that is not what most people stop me in the street to talk about.

But I think it is sort of this combination of both the millions of alerts that we are sending our customers every week, and for many of those in the case of overdrawn accounts we are sending about 500,000 alerts each week. We are helping our customers avoid overdrawn fees, which is costing, or saving, our customers \$60 million per annum. And that combination alongside things like benefits and finding more benefits for our customers, we have got 270 initiatives planned specifically around linking customers to benefits. We believe we will be able to deliver to our customers \$150 million over the next 12 months and each and every year after that.

And lastly, what we are trying to bring along with this approach is to really delivering better outcomes for our customers is bringing some real discipline to some of the work that we are doing, particularly with our behavioural economics team. We have been partnering with Harvard over the last couple of years across a range of various experiments. They have published their first Harvard Business School case study around some of the work that they were doing specifically in and around credit cards, and they are about to publish some ground breaking research, particularly around how you can improve customer behaviours based on the timing of both when income is paid as well as when bills are due and received. So from our perspective very much tying in with some real rigour and



discipline and some of the technology that I have discussed. A way to really improve the outcomes for our customers and deliver value to them.

The Commonwealth Bank is also a bank for businesses. In the last 12 months we have been lending \$580 million every week. And we know it is really important that we are able to lend even more than that. We have just started rolling out what we are calling BizExpress, which means if you have your transaction account with the Commonwealth Bank we are able to provide a decision on unsecured loans less than \$250,000 in as little as 12 minutes, and secured loans up to \$1 million on the same day. This is a big step forward from where we have been in the past, and I think is critical in terms of (a) providing credit, but also (b) providing that in a way which is both responsible but timely from our customers' perspectives.

We are very fortunate to serve some of the biggest institutional and most important customers in Australia. Household names who are building critical infrastructure, roads, providing essential services to make the country better. I was speaking with one of the CEOs of a company that we were tendering for just a couple of weeks ago, and one of the interesting things from my perspective has been how much it has shifted even in the institutional space and how important it is to have the right investments in technology and in innovation.

Really, some of the commercial terms when it comes to many aspects of banking for institutional customers, are table stakes. Actually, the conversations are very much focused around what are some of the areas where we can innovate together, what are some of the ways that we can partner, share information, so that if you are a retailer helping them understand where the most important location is where they could open up a new store.

We are using some of that innovation and thought not just against data and analytics, but also another good example which we are going to launch in the next few weeks, bringing together different parts of the organisation to deliver a green bond. And this is a classic case where there is a lot of demand in institutional investors for green bonds, and we are able to bring together the supply of that through our mortgage portfolio. Where simply customers who have solar panels installed and linked to a CBA mortgage, we are able to package that in a way which delivers real benefit to the Commonwealth Bank, and we are going to pass on some of that benefit to our customers by way of a cashback.

In our Institutional Bank we were last year the first bank globally to partner with the World Bank on a block chain enabled bond. We just did the first secondary trade a couple of weeks ago. This is one of the areas as I have travelled and seen investors all around the world where I have got the most number of questions, probably one of the areas where it is had the least profile inside the organisation. But it is fascinating some of the work that can be done in and around block chain. We did the first trade finance deal with Wells Fargo in 2016. We are currently piloting some work with the NDIS to see if there is a way that we can partner using the block chain to deliver smart money, to ensure that the benefits associated with the NDIS are going to the right recipients and used for the right services.

And lastly, one of the other key areas which I think is really important for both consumers and for businesses, is bringing together both the technology and our customer service. Now unfortunately in 2018 Australians lost more than half a billion dollars in fraud and scams. And sadly that is also skewed to older and more vulnerable customers. As you would expect of course we are investing in real time transaction and fraud monitoring 24 by 7, and trying to improve the sophistication of the technology and some of those triggers to block and prevent as much of that that was happening as possible. But actually some of the areas where we have had the most gains I think in the last 12 months is where we have inserted our people, who have been trained to care and ask really good questions of our customers, to try and avoid them falling or becoming the victim of a fraud or a scam.

Just in the last two weeks in the north coast in the Tweed area we helped a customer who thought they were purchasing a package holiday which was actually a scam. And down in South Australia, where unfortunately we see this in different parts of the country, we prevented a scam where a customer was being defrauded by a supposed tradesperson. And actually bringing that combination, as we have done for many generations of the best combination



of technology and people together, is (a) an area where I think that we can deliver real value for our customers, and (b) in a way that I think I and hope that only the Commonwealth Bank can do.

Now thirdly I wanted to talk about a bank for the country. We have always had an important part and an important role to play in Australia in the communities in which we serve and operate. Of course it is really important that we are able to connect in a more personal way, not just in the products and services that we provide, but also just making a meaningful contribution in those communities.

There are a couple of areas that we have chosen to really focus on. And as most people here know, we have had a long, now more than 88 years, association with schools and banking. That program is now assisted by more than 10,000 parents who are volunteers who help their children learn about savings. But quite separate to that, since 2007 we have had a financial literacy program in Australian schools, which has nothing to do with our school banking program. We are now training 500,000 Australian school students per year, which makes it the largest financial literacy program in the world. So financial education is going to continue to be a really important part of what we stand for as an organisation.

And the second is, what are some of the things where we can really help our customers when they need us most? When you spend time with customers, what really stands in their mind are the one, two or three moments in their life when the difference between whether it is a bank or many other service providers, how you treat a customer in that set of circumstances, cementing and have a really, really either positive or adverse impact on their life.

A couple of years ago, I spoke a little bit about the work that we had started doing specifically around domestic and family violence. And I talked about one of the customers that I dealt with, and there have been many others that my team and I have looked at, where actually just having the right approach and some pretty simple steps that support our customers when they need us most, can make a huge impact on the individual concerned. But I will argue also more broadly, a big impact on the country.

So the way we really thought about it, going back a few years and how that is now evolved, is we started partnering with counselling services. We started providing mobile phones, access to groceries, and in many cases direct financial assistance for customers who were the victims of domestic and family violence. We knew that financial abuse was prevalent in domestic and family violence situations about 90% of the time. But to our horror, the scale of that program and the uptake was much larger than we had anticipated. We have already invested more than \$25 million into that particular program, and over the coming months we are going to be launching some new initiatives which are going to supplement the existing program in a way that not only helps customers that are in crisis situations, but actually most importantly helps them achieve financial independence over their lives.

So as you can see there are a number of changes that we are making to ensure that we are a bank for all Australians, a bank for businesses and a bank for the country. And there are many ways that we need to continue to improve to make sure that we are delivering the right level of capability and reliability, getting it right for our customers, that we are acting transparently, and that we are ensuring that we are delivering better outcomes for our customers and communities.

A lot of those areas are going to require investment. We plan to invest a little over \$5 billion over the next five years. Much of that work will go into investments directly in technology, making either our systems more safe, sound and secure, more reliable, but importantly in many of the ways that I spoke about today where we can add real value and improve the outcomes for our customers.



As we think about our role, and how we can bring together those various elements, it is of course really important that our people are proud and engaged and aligned with that purpose, that we are able to make sure that we are delivering what our customers want from us, what they need, whenever they want, that we are able to deliver that seamlessly and reliably, and in a way that is real and quite different to the way that we have participated in many of our customers' lives in recent times.

Now of course our business has grown substantially over many years. As I said earlier we have more than 48,000 employees. We have added large numbers of people into our compliance, risk, financial crimes area. We have a large team of people helping to accelerate the remediation program. And while we continue to recruit about 6,000 people per annum, we do expect that over time the shape and size of the organisation will adjust to ensure that we retain the most important aspects of what the Commonwealth Bank is, and that we are able to deliver a bank that is worthy of the customers we serve, and one that is able to deliver on the very simple but clear mandate for which we were established. Which is the bank for all Australians. A bank for businesses, to help them grow and the economy to flourish. And a bank for the country. One that helps all people prosper. And of which the nation can be proud. Thank you very much.

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Contact Details

CBA Media
+61 02 9118 6919
media@cba.com.au
commbank.com.au/newsroom

Twitter: [@cbanewsroom](https://twitter.com/cbanewsroom)