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Letters to the Editor
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edletters@afr.com.au

Business leaders with a long-term strategy that doesn't neatly fit the short-term paradigm of the financial markets know well Niccolo Machiavelli's advice that: "*there is nothing more difficult to take in hand, more perilous to conduct ... than to take the lead in the introduction of a new order of things*".

To highlight the challenges of creating 'a new order of things', Anne Hyland's article on ANZ in this month's BOSS magazine demonstrates how easy it is for some commentators to also prefer short term strategies and the old order of things. A more balanced assessment and better research would suggest otherwise.

Banks in OECD countries including Australia are now managing in a low growth environment for the foreseeable future. Credit growth in Australia was 3.1% in the year to June 2013 and just 2.5% in the March 2013 quarter. While there are great businesses and great opportunities in Australia, ANZ is also building a business in Asia and connected to Asia where economic growth (ex-Japan) is 6.5% - more than twice the current level of domestic economic growth.

This makes the logic for ANZ's super regional strategy compelling and most Australian analysts and institutional investors support this.

In fact, despite selective use of investor views presented in the BOSS article, ANZ's Total Shareholder Return is 39.1% over the past five years compared with -23.7% for the ASX200; and the most authoritative survey of Australian investors has consistently ranked ANZ above domestic peers for its long term growth strategy and for anticipated earnings growth for the next five years.

The analysis presented in BOSS magazine also suffers a number of significant factual errors which materially undermine the article's line of argument. For example:

- To highlight a line of argument favouring a domestically focussed strategy, BOSS states that: "the day after (ANZ's Banking on Australia announcement), ANZ shares rose by 8 per cent". While ANZ's domestic strategy and customers are undoubtedly important, ANZ's share price actually rose 0.79% the day following the announcement in line with the market.

- BOSS states that Philip Chronican CEO of the Australia Division has had low profile because he has been "addressing the bank's technology issues and integrating its New Zealand operations". While I don't agree Mr Chronican's profile is low, it is worth correcting BOSS as his focus is on Australia and the change to one system and one brand in New Zealand has been led by David Hisco, CEO of ANZ New Zealand.

- The article states there has been "a neglect of the Australian operation, which has underperformed its peers". In fact, APRA data shows ANZ has consistently grown market share in mortgages for 13 consecutive quarters rising from 14.1% in December 2007 to 14.8%. In household deposits, the growth has been even more significant with market share rising from 11.0% in December 2007 to 15.0%.

Naturally in my role I am going to be an advocate for ANZ's perspective. That's not to say everything has gone ANZ's way – just think about the remediation activities following the GFC which were led by Mike Smith soon after he joined as Chief Executive.

It highlights that creating a new order of things isn't easy. For ANZ, it has involved obtaining new licenses from regulators in new and existing geographies, investments in hiring people, building capability, in technology, risk management systems and in premises. It has also involved building a new culture to support strategy.

Of course, we accept that a differentiated strategy creates sceptics but a more balanced and factual assessment highlights ANZ has made real progress in delivering performance, in growing in our key domestic markets while also building a meaningful business in Asia.

Paul Edwards
Group General Manager Corporate Communications