

**OPENING STATEMENT  
Shayne Elliott, ANZ CEO**

**Appearance before House of Representatives Standing  
Committee on Economics**

**15 November 2019**

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Thank you for inviting ANZ to appear.

With me is Kevin Corbally, our Chief Risk Officer.

I'd like to start by expressing my concern for all those affected by the fires in New South Wales and Queensland.

This is an awful event for so many.

As we have done for customers hit by drought, we're offering a financial relief package to provide some help at a very difficult time.

If more is needed, we will do what we can to support our customers and staff.

In February, the Royal Commission's final report set out how banks, and others, had failed their customers.

Today, this inquiry allows the Committee to ask what is being done to repair that failure.

At ANZ, we are paying customers back and acting on the Commission's recommendations.

We currently estimate that over 3.4 million accounts need fixing.

To date, we've made good on over one million of these.

Part of our work is learning from our failures.

We're teaching our people about what went wrong and how it affected our customers.

We are determined that history is not repeated.

To meet the letter and spirit of the Royal Commission's report, we have made significant progress on the sixteen initiatives we announced in February.

These initiatives are actions we can take to respond to the Commission's report.

Importantly, we have reformed how we pay people to reduce bonuses and better align us with our customers' interests.

We have also:

- Met 13 of the 15 Sedgwick pay recommendations we can act on now and almost completed the other two
- Made our senior executive accountability framework stronger

And

- Implemented principles to help family farmers in distress.

We have more to do to rebuild trust but paying people back and acting on the Royal Commission are important first steps.

This inquiry also allows the Committee to ask how well Australia's banks are serving the nation.

Stable, competitive banking is essential to a strong, growing economy.

Our strategy is to help improve the financial wellbeing of our customers.

We're here to help those who want to buy a home, start and run a business or trade through our region.

If we do this well, we will help the economy and generate sustainable returns for our shareholders.

Over recent months, interest rates have hit new lows and competition has been intense.

In addition, ANZ hasn't always approved loans as quickly as we should have.

Our 2019 results reflect these issues.

Return on equity is down to 10.9%, well below the ASX 50 average of just over 16%.

Despite this, we've maintained our dividend to provide a fair return to the millions of Australians who own our shares either directly or through their super.

And customers who borrow from us, both new and existing, are benefiting from low interest rates and strong competition.

Lower rates mean, however, that depositors receive less.

The narrowing gap between what borrowers pay us and what we pay depositors also reduces earnings.

Balancing the interests of borrowers, depositors and shareholders will become more challenging if interest rates go lower.

This environment demands that we focus on our strategy and execute it well.

Before finishing, I have spoken recently of grey areas in the responsible lending standards.

ASIC has done a good job at consulting broadly on these laws, and we look forward to its guidance.

Clarity is important with all regulation.

If we know where the line is, we can lend confidently.

If we step over it, then the regulator should hold us to account.

If the line is unclear, however, we should discuss this openly and constructively.

Reaching a clear understanding of our laws is the best path towards confidence in banking and a stronger economy.

Thank you and we look forward to your questions.

**ENDS**