

Transcript: Shayne Elliott with Neil Mitchell – 3AW – 21/09/20

Neil Mitchell: Okay, as I said, one of the decision makers we speak to regularly on the program is the chief executive of the ANZ Bank. He's on the line. Shayne Elliott, good morning.

Shayne Elliott: Good morning, Neil.

Neil Mitchell: You've been pretty optimistic in tone through this pandemic. Are you still optimistic?

Shayne Elliott: Well, I try to keep balance. I think, we've got more than enough people focusing on the negatives and I think it's part of business's job to make the best of situations and see how we can actually transform not just ourselves, but help our customers transform for the new world. So I think you've got to inject a little bit of optimism.

Neil Mitchell: What do you hope for from the Federal Budget when we get it soon?

Shayne Elliott: Well, the Government's shown real ... you have to give them credit for responding quickly and at scale and being willing to change things. I mean we've seen in the past, sometimes all of us get it, we get locked into a view, right? And we think if we change it somehow, it's admitting failure. I don't think that, I think the Government's shown remarkable flexibility and I hope they continue to do so. I don't know about specifics. I think we're going to see the slow withdrawal of some of the support programs and we'll all debate the speed and whatever of that. And then hopefully they're going to be really thinking about the future, because I for one, we don't want to go back to the past. We do want to go back to the history of Australia, we want to go forward and we want to know what does the contemporary Australian economy look like? And how do we prepare for in terms of skills, capital, investment, technology? What does it look like? And we're not going to solve that in a few weeks. But you want to start laying the groundwork for that.

Neil Mitchell: What about, do you think tax relief will help, if we get it?

Shayne Elliott: Look, I think, it's just another way of putting money back into the economy isn't it? And I think, funny you say it, we're having a debate with my fifteen-year-old daughter last night around the dinner table about taxes.

Neil Mitchell: Fascinating dinner table you've got.

Shayne Elliott: Oh no, school project, you know. But look, if it's well-structured, it can actually give people a bit more cash in their pocket. And, there'll always be the debate, 'oh, well, some people would just save that'. Well, that's okay, it's still a way of injecting a bit of growth back into the economy. Saving is not necessarily a bad thing remember, that puts more money into the banks, it allows the banks to go out and lend it to people who need it. So I think targeted tax cuts for those who really can do with that boost, I think there's some merit in that at this time.

Neil Mitchell: Is Josh Frydenberg, the Federal Government consulting you?

Shayne Elliott: Not personally, no. I mean we have teams who talk to the teams over there all the time, we supply them data and a little bit of anecdote. But no.

Neil Mitchell: What about the state government?

Shayne Elliott: Again, we've sort of reached out to state government and given some feedback. Because I think our role here is to sort of collate the information we get from our customers, our millions of customers, and give a little bit of the insight that perhaps the governments don't see. So we get great, we've talked about it before Neil, we get amazing data. I mean, amazing data on what people are spending, where they're spending, how they're spending and all that. We can share that with the governments. So that's the sort of stuff we've been providing to Tim Pallas and others. And other states by the way, all of the state treasurers.

Neil Mitchell: I remember you've told me that you've picked that glitch they had in their numbers very early on because the reaction ... well, what reaction are you getting from the customers now? What are you passing on to, Tim Pallas or Josh Frydenberg?

Shayne Elliott: Well, the one thing that's concerning people at the moment. We may have talked about this in the past, look for a lot of people, a lot of our small businesses in particular, Christmas is the season of the year, right? And many customers do 40, 50 per cent of their sales over the summer. And so they're sitting there in a bit of a dilemma now, if you're in Victoria, you're going, 'Hey, I've got to stock my shop or whatever it is for Christmas, but I'm worried that the lockdown could get extended'. And so I'm in this horrible position, if I stock now and then the lockdown's extended, I don't even know. And if I don't, I won't have anything to sell. So that's the sort of feedback we've been giving. And been talking to the governments about, well, what could you do and how could we work together to come out with solutions? There are solutions. And we're getting a good, really positive, I have to say, getting positive reaction from state governments about anything that can help.

Neil Mitchell: Well, that's, I understand the biggest issue for small business. What about for the average person who's not in business but they're a wage earner? What's their issue?

Shayne Elliott: Oh, their biggest issue is some certainty about their future prospects in terms of employment and the hours they're working. What's been remarkable, people are decent, right? And people who've got their debts are doing their very best to pay them. And we've seen people, even on deferrals, we've had at least 10 per cent – and that might sound small, but I think it's pretty meaningful – 10 per cent are already back before the deferral even got to the end they said 'no, I'm good. I'm going to keep paying'. Doing the responsible thing for themselves. We're at that moment right now of contacting hundreds of thousands of people across our industry, across the country to say, how are you going? And again, what we're seeing is a significant number and it's early days, we'll see, but over the next few weeks, we're seeing a significant number of people say, 'you know what, I'm pretty good and I want to get back paying down my debt'. But, what people really want is some degree of confidence about their employment prospects. That's what they want.

Neil Mitchell: I was talking to Peter Costello recently about this on air and he said he worried about future generations with what we're going through. Now, your 15-year-old daughter around the table, by the sound of it is going to be a tax lawyer or something. But do you worry for your children? Do you worry what the next generations are going to face?

Shayne Elliott: I worry ... My family was sort of, I'm very fortunate, but my father grew up a very small child in the Depression and I know that that sort of scarred his view on life. And, it's the old apocryphal story about people who grew up in the Depression were frugal, right? And there's a lot of truth to that. I do worry about if you're, I don't know at uni, coming out of technical college, leaving school and this is your first sort of experience. I think it can be quite scarring. And actually, I think it will have an impact on the way people think about risk; think about starting businesses, think about buying a home. I don't know what all of that means other than I think, in the future we'll look back and say, 'look, there was a shift – that generation thought differently about things as a result of this experience'. You can't go through something like this and say 'well it didn't affect me'. Not at that age in particular.

Neil Mitchell: Both my parents lived through the Depression, there's no doubt it, I remember my father telling me I should be a postman because there'd always be a job for a postman.

Shayne Elliott: Right.

Neil Mitchell: He was wrong.

Shayne Elliott: He was wrong. But that shaped a generation and this is going to shape this generation. The real question is, in which way? I don't know. I mean, we've got to do a lot of thinking about that. And that's why I think governments have a role to help shape that as well. Shape that conversation. How do we not make it just the negative, but how do we how prepare Australia to be, as I said, a contemporary economy that has, that makes the best of this and can, because it's that old thing about whenever there's a crisis is always opportunity. And again, it's a bit hackneyed. But it is true. I mean ... when you actually look at a lot of great companies we all know around the world today came out of a time of crisis. And that's because people have new needs. People have new fears, they have new needs, they have new desires and good companies and good people and good economies sort of figure out how to solve those problems for people. And we've got to unleash that, not suppress it. You've got to unleash that innovation in a way. And that's what I hope the government can do.

Neil Mitchell: For obvious reasons Victoria's worse off than the rest of the country. How much worse off is it?

Shayne Elliott: It's a really good question. I mean, the sad thing is, it's a lot, isn't it? I mean, we look around. Again, going back to my card data, we can see that spending actually in the rest of the country, is actually higher today than it was a year ago. So despite, that's still, it's still higher. But, of course in Victoria it's a lot lower. And not surprising, because we're all locked at home. There's a limit to how much stuff you can buy online. But, yes it's a lot worse ... and every day that goes by, it has a real impact on people, their ability, their capacity to survive. If you're a small business or you're employing people. And that's why the sooner we get to these lockdown deadlines from whatever, the better. Every day counts.

Neil Mitchell: Well, if I made you Treasurer Victoria for a week, what would you do?

Shayne Elliott: I hate to think. I don't envy that job, to be perfectly honest. I've got it easy compared to those guys. I really think they've got a really difficult job. I don't envy it. But I think it is about, what will I know from my business life? What people crave in a time of crisis, they crave some level of certainty. Now, you can't provide total certainty, but you can give some guidelines. You can give some degree of confidence to people. That's what people want. 'If I did this, what will happen?' And so I think giving greater clarity. And that's why, I know people are beating up the Premier and others about these lock down dates, but at least, you may not like it. I don't like it either, but at least I can put a date in the calendar and I've got some degree of certainty and I can work to that. But the more that there's uncertainty and things keep changing, that scares people. And that's the last thing we need.

Neil Mitchell: We've got a question for you from Brad. Yes, Brad, go ahead.

Brad: I'm just wondering the justification for banks to be charging credit card interest rates in the 20s when the cash rate is so low? How is that still possible?

Shayne Elliott: Yeah, that's a fair question. That comes up pretty regularly. So the average rate paid by people is nowhere near 20, I think it's like 11 or 12. You know, that's obviously high the reality is Brad that these are unsecured credit. There's no house backing it, there's no security. The failure rates on these are reasonably high. And plus those cards that have the 20 per cent come with all the sorts of bells and whistles and frequent flyer programs and all that other stuff. There are a range of cards and if you want to pay a low rate, there are low-rate cards as well that are a single digit interest rate and there are low-fee cards as

well. So it's just that the ingredients that go into making it up actually the biggest costs are things like fraud, credit losses and all the bells and whistles that go with those cards. But you can move to a low-rate card or a low-interest-rate card, if that's what you want to do. And we've got some of the lowest ones on the market.

Neil Mitchell: Thank you so much for your time, Shayne Elliott. When you get frustrated, what helps you, anger or humor? Venting or laughing?

Shayne Elliott: Laughing. Definitely. Getting out, you have to. You've got to stay optimistic, Neil, through these things. Otherwise it will all become a bit overwhelming. That's my view.

Neil Mitchell: What makes you laugh?

Shayne Elliott: We've got a new puppy. That's fun.

Neil Mitchell: Really?

Shayne Elliott: Yes. Oh, look there was always something to look at. You know, we've been having some great interaction with our people and we've just got to keep optimistic. All the stuff that's happening, working from home, there's always something during your day that you can giggle at.

Neil Mitchell: And is the puppy some sort of oodle?

Shayne Elliott: Well, how did you know? By the way, for those listening there is a massive puppy shortage in Victoria. The prices of puppies has skyrocketed. Literally the price is getting out of control. Yes, it's a Labradoodle, but only because, literally they're almost impossible, puppies are impossible to find.

Neil Mitchell: What's its name?

Shayne Elliott: Luca.

Neil Mitchell: Why?

Shayne Elliott: Why not? I don't know. I don't know. It sounded like a good idea at the time.

Neil Mitchell: Thanks so much for your time.

Shayne Elliott: All right, thank you.

Neil Mitchell: Shayne Elliott, head of the ANZ Bank, chief executive.