

## News Release

For Release: 30 August 2024

### **Opening Statement – ANZ CEO Shayne Elliott appearance before House of Representatives Standing Committee on Economics**

#### **Shayne Elliott, ANZ CEO opening remarks:**

Thank you for the opportunity to appear before you today.

Joining me is Maile Carnegie, Group Executive for our Australia Retail business.

Maile and I look forward to discussing with you issues like the cost of living, scams and interest rates.

Before we get into these, however, I would like to first address recent developments relating to ANZ.

Last Friday, APRA announced that it would increase ANZ's capital add-on due to concerns with our non-financial risk management practices.

We acknowledge these concerns.

For some time now, we have had a program of work to improve how we manage non-financial risk.

While this program has delivered positive progress, we clearly have more work to do.

We're also working with APRA on the scope of an independent culture and control review within our Markets business which will report to the Board.

APRA's announcement has occurred as we face three matters in parts of our Markets business:

- Data reporting errors with regards to information provided to the Australian Office of Financial Management, known as AOFM

- An investigation by the Australian Securities and Investments Commission into our involvement with a Treasury bond issuance in 2023
- and
- Conduct and behavioural matters primarily within our Sydney dealing room.

On the data reporting issue, I have personally apologised to the Chief Executive at AOFM and we are reviewing and improving our relevant processes.

On ASIC's investigation into the bond issuance, we are taking this very seriously.

We have undertaken detailed work in connection with this matter and continue to examine the issues.

There has been speculation that potential misconduct by ANZ in connection with this issuance may have cost taxpayers.

From what I have seen, there is no evidence of this.

In saying this, I acknowledge that we do not have all the information that ASIC has, and our position will be reviewed in coming months.

On the conduct issues, a broad number of allegations have been externally examined.

Three people have subsequently left the bank.

The ANZ Board is monitoring the APRA and Markets matters very closely, and work is continuing.

The Board will ensure there are appropriate consequences for proven failures or misconduct.

As the Committee may appreciate, there is a limit to how much I can discuss these matters today.

However, I assure the Committee that we are taking them very seriously.

Turning to how our customers are managing in the current economic environment, the nation appears to be emerging from a difficult period of inflation.

The price increases that have been hurting Australians are starting to moderate, and Wednesday's CPI figure was further welcome news.

We still expect the Reserve Bank to reduce the cash rate by 75 basis points next year, with the first cut in February.

Lower interest rates will be welcome relief for borrowers who have faced higher debt costs for some time, although savers will face lower returns.

We are very conscious of the pressure that higher debt costs have placed on many of our customers, who are also managing bigger bills for everyday essentials.

That said, the aggregate data we look at suggests that, overall, our customers have been holding up well.

While our latest published figures showed an increase in the number of ANZ home loan customers in hardship, they remained low at around three in every 1,000 people.

Those figures also showed that mortgage offset balances continued to increase, and early data suggests that home loan customers have increased their savings following the recent stage 3 tax cuts.

Moreover, although stress among credit card customers is slightly up, they are not showing signs of dependency on their credit limits for basic living expenses.

As you may appreciate, our small business customers are also facing higher costs, including for wages.

And we know from ASIC insolvency data that more businesses through the economy are getting into trouble.

However, our data seems to suggest that small business customers at ANZ are managing well despite the current conditions.

Published figures for our small business customers indicated that around two in every 1,000 were in hardship.

This is encouraging and suggests many of our small business customers are managing the challenges of today's economy well.

Of course, under the headline figures are people finding it harder to pay for housing and everyday expenses, and businesses struggling with higher costs.

We expect that more people and business will sadly get into difficulty in the coming months.

Because some customers are hesitant to ask for help, we are trying to reach out sooner.

We are using data analytics and modelling to identify hardship triggers, such as reduced income or negative cashflow.

When we contact these customers, we let them know what we can do to help.

This may include pausing or reducing payments or restructuring their loan.

The other area where we are trying to help is by investing in prevention and detection tools to address the terrible impact of scams on our customers.

These include our Falcon card technology and new methods such as artificial intelligence, machine learning and biometrics.

From October 2023 to June 2024, total scam losses suffered by our customers fell by almost half, while the number of scam events decreased by a third compared with the same period in 2023.

In that time, we have also prevented more than \$100 million of customer funds going to criminals.

However, the rate of harm is still too high, and we'll continue to work on measures to protect our customers.

To finish, I am pleased that we completed our acquisition of Suncorp Bank one month ago.

We have now welcomed around 3,000 employees and 1.2 million customers into the ANZ Group, and look forward to giving them a great place to work and bank.

We're excited about the opportunity to play a bigger role in Queensland, including through a new digital hub that will help grow the state's tech sector and open strong career pathways for Queenslanders, while giving ANZ a key platform to continue to deliver innovation to its customers.

Thank you and we look forward to your questions.

**ENDS**

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