

News Release

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Transcript of podcast interview with ANZ CEO Shayne Elliott and journalist Sally Warhaft for ANZ News

SALLY WARHAFT: Hello, I'm Sally Warhaft.

I'd like to begin by acknowledging the Traditional Owners of the lands on which this podcast was produced - the Wurundjeri People of the Kulin Nation, and recognise the continuing connection to lands, skies and waterways. I would also like to acknowledge the traditional owners of the lands where you may be listening from.

We pay our respect to Elders past, present and emerging; and to any Aboriginal and Torres Strait Islanders who are listening.

In 2017, I sat down with ANZ Chief Executive Shayne Elliott for an in-depth look at his vision for the bank as it transformed to an agile way of working. He shared what he envisaged those changes would mean for the business and what they meant for people working at ANZ. It was named *The ANZ Way*.

At the time, Shayne was about a year into his term as CEO and was looking to create a clear, strategic focus for the bank's future. Since then, the bank has been through many changes including a major transformation in the way the workplace is structured, the Royal Commission into the financial services industry and, of course, the COVID-19 pandemic.

I recently spoke with Shayne as he prepares to share his updated vision known as *The Bank We're Building*. This concept ties together the bank's strategy, purpose, culture and values building on *The ANZ Way* as it looks ahead.

In our wide-ranging conversation, Shayne explained what he hopes *The Bank We're Building* will achieve, what he has learnt from the last five years, and ANZ's plans for the future.

SALLY WARHAFT: When I listened back to our first interview, at the end of it you say, "come back – follow me up!"

SHAYNE ELLIOTT: Oh, that's true, I remember! That's right, well there you go.

SALLY WARHAFT: Yeah. And people will sometimes say these things...

SHAYNE ELLIOTT: ... and never mean them!

SALLY WARHAFT: Yeah. So, thank you, it's been really...

What's that great line? Always be authentic even if you don't mean it!

SALLY WARHAFT: Shayne, it's wonderful to see you and thank you for inviting me back. It's a rare thing to be invited back to a corporate headquarters to see how a change of culture has gone. And I recall, of course, in 2017 you sent a hard copy letter to every member of your staff here, introducing a change of culture - the ANZ Way. And central to that letter was the purpose of ANZ - to shape a world where people and communities thrive. Four and a half years on, we're sitting here. The world is not thriving right now. In fact, almost every community in it is in crisis. I wanted to ask you to start how the community of ANZ is faring?

SHAYNE ELLIOTT: Well, so it's good to see you and it's good to reflect back. It feels only like yesterday in a funny way, but it has actually been four and a half years. I think actually when we talk to our people and when we engage with them and talk about what happened with The ANZ Way and how [Australia and New Zealand Banking Group Limited](#) ABN 11 005 357 522

they've embraced it I think the thing that's been probably the most surprising - and possibly I shouldn't be surprised, I'm pleased with it - is actually how much that purpose meant to people and how much it's really shaped the way that people think and what they do and how they make decisions.

And something like 90 per cent of our people say that actually they consider the purpose of the bank when they're making decisions. And so that's really heartening, actually, because it would have been easy to say it was a poster on a wall or it was a thing that you wore around your neck, or it was a nice corporate speak. But it seems to have really resonated with people and therefore it has changed the shape of ANZ.

I mean, it has changed the conversations we have, what we talk about, what we care about, how we go about things and the recent experience with COVID is a really good example. You're right, communities all over the world are in crisis. And what happens in a crisis, particularly for somebody like a bank, where we have a role, where we really can positively help through transitions and change is that, by and large, our people have lent into this crisis and really tried to do the right thing by customers, to assist people through some of those changes that they've had. And I don't think we would be able to have done that - I'm sure we would have had good people - but without that sense of purpose and focus and drive, I don't think we would have been as impactful as we've been over this period.

SALLY WARHAFT: Can you tell me more about how that message was able to seep in so deeply and how you brought those changes about?

SHAYNE ELLIOTT: Well, we started by trying to have impact. And as you mentioned, we sent out a letter which seems so old fashioned, doesn't it today? But of course, that in and of itself had an impact. It was something that... and I think we took a decision... we didn't write... while we talk about the purpose as one line, the letter itself is reasonable dense actually.

SALLY WARHAFT: It was a good letter! It started off with a great David Bowie quote and ended with Shakespeare.

SHAYNE ELLIOTT: That's true, but it was quite dense. It wasn't something you could just flick through. And I think part of that again was the culture that says, "hey we want to treat our people as adults". And we said, "hey, go and find some quiet time and really absorb this properly. And we're talking to you about something serious and meaningful". It's not something glib that we can stick on a poster. So, I think that was important.

And then we continued, it wasn't just that we sent a letter and then we moved on. We really have continued to have that conversation with our people about what does the purpose mean, how do you bring it to life? And, in a simple way, the three main levels of that were: who do we bank? How do we behave? And what do we care about most? And you'll hear that language, I think quite a bit at the bank about we have to bring this to life.

There's no point saying these wonderful things if we can't prove it so it must influence who we bank. You have to bank people who will help us achieve that ambition of shaping a world where people and communities thrive. It has to influence the way we behave. How do we behave when a community or a customer or a colleague is in a crisis or has an opportunity or wants to change the world? How do we behave in terms of that?

And then that last piece is really, importantly about what we care about and when does ANZ have a valid, reasonable voice and when should we use that voice for good? Or to just raise awareness in the community about issues, whether that issue might be to do with environment and climate change, whether it has to do with vulnerable Australians, whether it's to do with elder abuse, financial abuse etc.

SALLY WARHAFT: Agility was at the heart of The ANZ Way - responding at pace. Tell me, how agile is ANZ now?

SHAYNE ELLIOTT: Well, it's more agile but it's probably still not agile enough. And that's always the great challenge of companies like us that are old. We're 180-odd years old so we're much more agile than we used to be, right? And what I mean by that is... and if we go back to the reason, why did we talk about agility? We said, actually, when we boiled it all down, there's all sorts of things we could do to be successful and make sure we're around for another 180 years. But we said what it's really going to boil down to is having flexibility, reading the tea leaves, seeing what's going on in the world and having the culture and the processes and technology and all that other stuff that allows you to make changes at-pace, to respond to something like COVID, to respond to something like climate change, to respond to new customer needs and be able to do so in real-time. And so, we had to rethink the way

we make decisions, how we organise ourselves, what tools we use to make us faster but safer at the same time.

And so, we've come a long way. The way we organise the teams has changed quite dramatically, particularly here in the Australia Retail and Commercial bank. The technology we use today is a lot more flexible than it used to be. And we've got some really good examples during COVID that, in a matter of weeks - whenever it was - 18 months ago - when COVID really first hit the shores of Australia for us to be able to get all of our people working from home really seamlessly and really, really quickly. Now I know lots of people did that but we were able to do it at pace safely, really with no trip ups along the way. So, it's a lot more agile than it used to be.

SALLY WARHAFT: And when you say you'd like it to be more agile, is it the whole bank has had this agile shift or that parts of it are really agile and others are where they were?

SHAYNE ELLIOTT: Yeah, it's more the latter, and it's not that others are where they were. People have all moved at slightly different paces given their history, their role and how they how they add value to an organisation. So, at its heart, a bank is in the business of risk management. And so understandably, we have a lot of very prudent, cautious conservative people who worry and say, "Oh, we shouldn't go". So, it might be a little bit more difficult for some to embrace pace. So, they're evolving at different stages. But yes, we're not all where we need to be. Now... And then what you end up with is some who are racing ahead, very agile, willing to make decisions, good teams, good processes. And of course, they - and maybe it's not the right word - but clash at times with the greater superstructure.

SALLY WARHAFT: The pandemic has been full of that. I mean, I wondered how much you might have learnt from customers, small businesses, even government has proved itself much more agile than a lot of people would have expected. But at the same time, COVID has had so much red tape attached to it as well. So, it fit a bigger vision in a way.

SHAYNE ELLIOTT: Absolutely I mean, obviously we have to focus on the very devastating impacts that COVID has had on people's lives, obviously, and health and just the security of people worrying about the future. Having said that, what's remarkable, and we should really, I think be thoughtful about - how amazing and resilient have people and businesses been? Seriously. I mean, we sit here and think wow, little businesses, big business have been able to pivot on a dime. Being able to shift their entire business online to delivery away from coffee shops and restaurants or retailing, seeing the changes we've seen. ANZ is the most global of the Australian banks. We've got a big business in Asia facilitating trade. We have seen, not just because of COVID, but for all sorts of reasons, this massive shift in trade flow away from this intense focus only on China - which is still really, really important. And suddenly, all these kinds of companies have pivoted and are now exporting into the United States and into Thailand and Japan and Europe and the UK because the world changed and they were able to change really, really fast. So, I think there's lots of real positives. And I know talking to customers, they say the same things we do. We kind of surprised ourselves! If we had have sat around and said, "how flexible do we think we are?" or how agile, we probably would have underestimated our own abilities.

SALLY WARHAFT: As well as, I mean, all the staff in the businesses and the agility they're showing so often in family settings or in-home settings with schooling and everything else.

SHAYNE ELLIOTT: Yes, but the sad thing is that it comes at a cost, right? And so, people have been remarkably resilient. But of course, I think initially what we saw through COVID and particularly for our people, but also businesses, a lot of it was done on adrenaline. It was "well I didn't have a choice so I just had to do it, I worked longer hours" etc. And so now clearly many have hit a bit of a wall and just working harder hasn't been the right way through it. And what we're seeing now is this is an extended crisis and it's been going on for almost two years. Many have had to take time out and rethink and say I can't continue like this. I have to rethink how I prioritise, how I handle homeschooling and work and all the other things that go on. And I think it's important that employers like us, as part of our purpose actually, lean in and make sure we give the right tools and support for people to address those challenges.

SALLY WARHAFT: With all the changes that you've made, who would you say has benefited the most?

SHAYNE ELLIOTT: That's a really good question. So, I'd hope to say it's our customers. I say I hope because I can't prove it. I think there is some evidence that's the case and we can see it on some of the scores we get and some of the feedback and things from our customers. But that's what it was designed for.

At the end of the day, that's why we're doing it so that we're more responsive, that we can actually be there when customers need us and have the right services for them. So, I think they have been the most beneficial... or had seen the greatest benefit.

But I think actually also our people. I think our people have responded really positively. I mean, we look at our engagement scores and everybody measures those things. And we know that, without showing off, we have the highest in the industry and we've been able to... and everybody got a COVID bounce in those scores but we've actually been able to maintain ours at really high levels. And I think it's because we trusted our people, we've delegated authority to them, we've given them the freedom to make decisions and get on and do the right thing. So, I think our people have benefited but ultimately it was really for our customers.

SALLY WARHAFT: Banks seem to have come off fairly well reputationally with the COVID crisis, particularly coming out of the Royal Commission findings. And clearly there was a very quick pivot to looking after customers with mortgages, with small businesses and making sure that they weren't put into a total state of crisis. The banks appeared - and ANZ appeared - to do that very, very well. And there's a loyalty that will come with that, you're going to have customers now that you will have for life. And an important part of a bank's job, I'm sure, is this that kind of loyalty. But it occurs to me that that's not a really difficult thing to do, it's something that needs to be done. What are the harder decisions that create that sense of security with customers, with workers, with shareholders at a time like this?

SHAYNE ELLIOTT: So, I don't know that we should give ourselves too much credit for that as an industry, to be perfectly honest. And so, if I'm being detached from it. And obviously, we like it when people say we've done the right thing and I think the industry has. But if I stand back a little bit and think it through, we've done the right thing because we've had the capacity to do the right thing, right? And so, it's much easier when you have the capacity, when you have the balance sheet strength and all those other bits and pieces.

I remember I was chatting to Alan Joyce, and Alan made this comment that when he first joined the airline industry, he was told, "hey, Alan, you have to understand that airlines are in a perpetual state of crisis". Yeah? And I said, "Alan, that's like banks!" There's always a crisis. And I've been in banking for 30 odd years and we've been through all of them - Asia Financial Crisis, Global Financial Crisis, tech wrecks, we've had Latin American debt crisis, Russian debt crisis. We've had all sorts of things! So, there's always something going on, right? The difference with this crisis is that actually banks aren't at the heart of it. In all those other things that I talked about, actually our number one priority is survival as a bank. Like what are we going to do about ourselves? So, we would come to work in the morning during the GFC worried about us. Do we have enough deposits in the bank to fund for tomorrow? What happens if our customers fail? Do we have enough capital? Do we have all those sorts of things? So, it's very internally focused, a bit selfish.

This time, through all sorts of reasons, partly because of the financial services inquiry we had, which seems like a long time ago when we had this idea of "unquestionably strong" and the banks had to raise more capital to meet that requirement. Partly because of that and partly because of the Royal Commission which basically said we need to change our culture. So, we not only had balance sheet strength, we needed to have a cultural strength.

When this came along actually, we weren't talking about ourselves. We were able to actually say, "hey, we've got the strength here to lean in and actually help customers and do the right thing". So that's a great position to be in but I don't know that we should take too much credit for it. I think it's a credit to the system that created a stability for us to be able to do it.

The real test is not yet. At the beginning... we're right at the beginning of this whole crisis and the impacts of it are going to be felt not just in the next two, three, four, it'll be five and 10 years beyond that we'll really know what happens. What happens to our children as they're graduating and thinking about starting small businesses - are they more fearful? Are they more risk averse? How do businesses operate in the future and they're always going to have COVID in their mind - "I don't want that to happen to me again".

So, it's going to be all sorts of changes and it'll be really interesting to see what the long-term impacts of that will be. I imagine there'll be all sorts of PhDs and Harvard Business Review papers written on at some point. And it'll be how banks behaved through that cycle, I think, is the real test. Not necessarily in the immediacy of today.

SALLY WARHAFT: And how opportunities, I suppose is spotted and dealt with. I mean, it's hard to talk about opportunities in a crisis, nobody really wants to point out that there are many there. How do you navigate that?

SHAYNE ELLIOTT: Yeah, it can feel a bit uncomfortable particularly when we're talking about something that's such a devastating crisis in the health sense, not just a financial one in this case. It does feel a bit uncomfortable talking about opportunity. But what is a crisis? A crisis is essentially an extreme period of change. That's all it is, right? And people always say, "change is constant". Well that's not quite true, the rate of change isn't constant. And so, a crisis is extreme change. And what we know from history is that great organisations and companies really are made in times of crises.

In fact, what's fascinating is how many great companies today were founded or really took off at a time of crisis. Companies like Microsoft, for example, or Amazon, or a lot of tech firms, but also some of the great industrial companies. You go "why?" Well, it's because suddenly in a crisis, consumers have all these new needs they didn't have before. I need to be able to work from home, I need to be able to shop from home, I need to be able to educate my kids from home, I need to do all these things I didn't need before. And all these new needs are unmet and great organisations figure out how to meet those needs. And so that's why there is opportunity in a time of crisis and the companies that understand the world's changed forever, right?

And there's going to be these new ways of doing things and the people who get in front of that and say, "hey, I've got the right services to make those things easier for you, to get those things done". Those companies will win and it goes back to where we started, which is in order to be able to do that, you need to have this agility and pace to be able to really get in there. And just look at our life today, how our lives have changed in two years, the way we go about things, in terms of all the online experiences that we have to have. And while some of it will revert, much of it will stay with us for a long period.

SALLY WARHAFT: You're choosing this time to bring in and another big, big set of changes, big ideas - The Bank We're Building. Can you talk about, first of all, the timing of that - I assume it's very deliberate that you're bringing it in right now - but also what it is, what it means for the bank?

SHAYNE ELLIOTT: Yeah, it's deliberate. Not so much because of the current crisis but just in terms of our own evolution.

I've been CEO for five years. I think it's fair to say that a lot of that five years was spent getting ready - cleaning up, simplifying, strengthening, culture, all of the things that we've talked about. But all of those things were in order to achieve something, in order to be more contemporary and more successful with customers in the long-term. And now we feel like while we've still got work to do on that, we're now shifting much more into being on the front foot and saying, "hey, now that we've built that better culture, now that we're building a stronger, more simpler bank, it's now time to use that in a more assertive way with our customers".

So, it's now... It's a step forward, if you will. So that's why we feel we've crossed that Rubicon, if you will. And so, The Bank We're Building... that came out of that conversation, we were just talking about a group of us. And reflecting on the fact that we are not quite but almost 200 years old and all of our predecessors have continued to build and we are the beneficiaries of a lot of the work in the past. And it's a recognition that the bank will never it'll never be finished right; it'll always be a work in progress. And so, we need to just acknowledge that we are continually building and adding and knocking things down and streamlining other things and adding new things. And that's exciting.

And we think that's a way of bringing our people along and understanding that we don't want people to just want to work here, we want people who want to help build a better bank that's going to be more appropriate for the future challenges. So, it's just time, given the achievements we've made over the last five years.

SALLY WARHAFT: It's also the noun you're using, instead of the verb. So much is banking, banking, banking but you're also taking it back to "the bank". It doesn't matter whether you've got 50,000 employees in 33 different countries, they still work for "the bank" and there are still places that is situated. I thought that was interesting.

SHAYNE ELLIOTT: Yes, I hadn't thought about it in those terms but it's a good observation. I mean, at some point you have to ask why? What's the point of an organisation? Why do we have 50,000 people? And obviously we have our purpose but the point of it is to say when we're working well, we're achieving something that no individual or no other group could achieve on their own. And when you stand back - and forget ANZ - you just think about any organisation, whether it's a company or whatever it might be, it's quite a remarkable thing when you think about it, isn't it? The idea that you can have, in our case, 50,000 people across all these markets in some way coordinated and achieving a combined outcome that matters, that makes a difference. That's quite a remarkable innovation and a piece of technology, if you will, to do it. And of course, that's why culture is so important in doing

that, because that's ultimately the binding DNA of all of that. And it goes back again... because a lot of the conversation we're having here is circular. It goes back to this - so why do people want to join and be part of that? Because it's about the culture of a place and it's also about that sense of purpose. That I might be one of 50,000 but what we're doing collectively makes a difference and there's value in that. And I feel valued in my contribution to it as an individual but I also feel that what we're doing is making a difference. And not just in terms of earnings per share or ROE but actually shaping a world where people and communities thrive. And I think being able to connect the dots there is where we were unlocking value for our people.

SALLY WARHAFT: The changes that you're bringing in are a way of linking the purpose with it, I suppose a new strategy, and it's guided by these Four Ps as they're outlined. Which is going to be trouble for you if you do lots of interviews with and popping Ps! Anyway, there's tricks to that. Propositions, platforms, partnerships and people. What makes this strategy new, what's different?

SHAYNE ELLIOTT: So, it's a good question. So, to some extent banking is very simple. What we do is not rocket science, really. And it's quite a commoditised business, right? We take money from some people as a deposit and we lend it to others, and we move it around and pay bills to people. So, it's not terribly complicated, certainly in theory. In practice, it can be. And so, the real question is, well if that's the line of business you're in, how do you win? Why do customers choose you? And you go, "well, they choose us because we solve their core problems as consumers or homeowners or business people". And so how would you go about making sure that you solve those problems? And we said, "well, we've got to have the right proposition, got to have the right solutions". It's just a fancy word for a solution, we've got to have the right solutions for people, yeah? That they're appropriate for them. Whether I'm saving for a home or I'm running a small business or I'm a big major exporter or something. So, do I have the right propositions there? Do I have... What we're really learning at ANZ is that, and it's solving those problems, as we joke here. Nobody wants a home loan. Nobody wakes up in the morning and says, "I really can't wait to get a lot of debt, that's really exciting for me!". When they want is a home or what they want to do is run their business.

And when you think about actually helping people save for and buy and own a home, there's a lot more to it than just the money piece. And so, it's really to say, how can we work with partners to actually create what people want, which is a home experience - actually getting into a home. And so, there are all sorts of other partners that provide some of the services that go into that. I'm just using that as an example.

So, it's this realisation that, hey, we can't do everything on our own. And if we're really going to solve what customers want, we need to be open to be able to partner with others in solving some of those problems. And not just necessarily in a technology-driven way but really just as a culture that says, "hey, we're here to really help in the broader sense". So I won't go through all the Ps but it's really to say it's the way we go about our business, the way we engage with our customers, the way we solve real-life problems for them and add value to them so that selfishly, they say, "hey, I want to be with ANZ and I want to stay there and I'm not going to go somewhere else".

SALLY WARHAFT: In your letter in 2017, you highlighted these areas that you wanted ANZ to contribute to shifts. The areas were cities, infrastructure, lived environment, healthcare and education. And I mean, you look at that list and you just think crises, pandemic. These are the areas that have mattered the most in the past 18 months or so? Over the past four and a half years, five years, how do you feel ANZ has contributed to shifts in those key areas?

SHAYNE ELLIOTT: So, we've done well, but not as well as we may have hoped, right? And again, if we're being honest, I think it's good to have aspiration, it's good to have ambition but the complexity and scale of large organisations is a challenge in terms of actually generating real outcomes. And five years seems like a long time but there's a lot to be done there. So again, as much as we're more agile and we're faster than we used to be and as I mentioned at the beginning, not enough. So, I think we've done a lot there. I think we've narrowed our focus. We've learnt, we've learnt where we have a relevant voice on some of those issues and some where we have less.

So, cities and sustainable living is an obvious one I think, because we're in the business of helping people buy a home. And so, we care about where those homes are, how they relate to the environment, how they were affordable and livable and those things. So, I think we're skewing our investment both in dollars and intellect around certain areas and so that list is now more refined than it used to be.

So now we're really... and this has become this idea of "what do we care about most". Which is really saying housing - it's so critical to who and what we are as an organisation and so livable cities, environmental practises in terms of building homes, running homes, livable housing, all of those bits

and pieces. Absolutely we've spent a lot more time on that. And we're doing really exciting work around commercially viable, more social housing work etc. So that's really exciting.

I wish we were doing it at a much greater scale. One of the problems of being in a big organisation is that lots of things you do are really great but nobody notices because you're so big. So, we need to do things more at scale and housing is one.

The other one, some of the issues you talked about there, really, we would put it now into the terms of financial wellbeing and this idea that we need to help people be more financially literate, more understanding of how they can improve the security of their family, their own personal situation from a financial perspective. Because that is the key to really unlocking a lot of personal wellbeing beyond just the money?

And so, we're getting better at understanding that. So, for example, we know that the two best things - and this is through lots of research with academics - the two best things you can do to improve your financial wellbeing - one is having a savings amount. And there's some debate about what the right number is but just having \$1,000 of savings can literally, massively change your financial wellbeing. So, when a crisis hits, whether that's something like unemployment or less hours or whether it's literally the fridge breaking or the car breaking down, that's the number one thing. So how can we help people do that? So, we've set up the ability for people to set savings goals and we know that if you set a goal for saving, you're two times more likely to actually get the saving done. So, there are bits and pieces like that, but savings is the number one thing and then number two is actually owning your own home - or at least being on the path to home ownership. Those two things have the biggest single impact on financial wellbeing. So that community thriving piece as well.

SALLY WARHAFT: Listening to you and reading what I've read, it just feels like you have focused the bank in some key areas that are closely connected to people's lives. Which is perhaps why these bigger aims, these more lofty aims you don't feel as satisfied about. What have you divested? What have you got rid of in order to have more clarity about what it is you're doing?

SHAYNE ELLIOTT: Well, yeah you can look at that from two perspectives. So, there's the hard-edged financial side of it which says we've sold 30-odd businesses that we used to have. That were perfectly decent businesses and there's nothing wrong with them, we just weren't the best people to run them. So, it's everything from life insurance to superannuation businesses to share trading platforms to all sorts of things. And again, we just went, "hey, when we go back to our purpose, we think about our strategy - helping people buy and own a home etc - what are the things that we can do really well and what are the things we need to partner with others?" And we looked and said, "well, what's all this other stuff for?" And again, there's nothing wrong with them but we weren't the right people. And actually, I can tell you... We are a far better organisation for having made that... They were hard decisions; it was so hard. Because these are businesses that people loved and built and invested in over a long period of time. But we're more agile, we're a bit lighter afoot, if you will, for not having to do those.

And we were chatting about it the other week. If COVID had have hit at a time when we still owned all those, I would really not like to think the state we would be in. Having to manage the diversity and the complexity of all that. So being simpler is much better.

So, we've divested stuff that is, we don't think we're the best people to run - given what we were about. I think the other thing that we've divested - using your term - is some of the things that we thought we believed in. And it sounds a bit odd, but I think what we're getting better at is being clear about the things which we're really... where we as an organisation can actually make a difference. Not things where we think we can make a difference. So, we're being much sharper about... that example we talked about before about housing and really being sharp about no, it really is about housing. It's not about commercial property, for example. And it's much more about... So, I think we divested some of the beliefs we thought we had about what our skills were, and we've still got a little way to go on that. So, it's more of an intellectual divestment.

SALLY WARHAFT: The pandemic... all over the world, there's been a tension between the economy and health - these two important kinds of wellbeing. But it's a bank all the time in a way, particularly with what you were doing with this idea of purpose. How do you make decisions when the purpose of ANZ is just in direct conflict with profit?

SHAYNE ELLIOTT: So, I'm not sure I buy that. I understand that and I think at some level that's true and one of the pieces of work we're doing at the moment, and it's really at the heart of The Bank We're Building, is to square that circle and say, "actually, it's not". There is a way to run a purposeful organisation that does generate decent returns for the shareholders, yeah? Maybe not the highest but decent and fair returns. And we've built this wheel - we're struggling for name for it - but this circle

that says, if we do build the right proposition for customers that really do help them achieve what's important to them. And it is about purpose-driven, sustainable, environmentally sustainable homes, living, businesses, those sorts of things. That should generate more customers choosing to come to us, that will enhance our reputation. If we enhance our reputation, we'll win more customers. If we win more customers, we'll have a lower cost of customer acquisition and marketing, blah blah blah blah. And you can link it through and say, actually, there is a way of making this a virtuous circle, yeah?

And so, we've built the logic out and now what we're doing is building in really the metrics that say how would you know? I mean, how can we say to shareholders... Because I think it's a bit of a shame some shareholders think, "Oh Shayne or ANZ, when you talk about things like, I don't know, financing thermal coal or something, you're making a decision at the expense of shareholders". Like, no we're not actually. We're here creating long-term shareholder value; we just have a slightly different lens on how you create that value. And I think our job is to better articulate how that all links together because I think that has been seen in very binary terms. But I'm extremely confident that we can do that and that's actually at the heart of The Bank We're Building messaging as well to say, how can I link all of this together? Because we used to have a business strategy and then we had purpose. And now we're saying, no, no, no. They need to be one integrated approach for the organisation.

SALLY WARHAFT: There's always going to be tension. I mean, I wasn't trying to suggest that it's either or. More about how you make those decisions and environment is the really obvious big one, isn't it? I mean, what has the purpose of ANZ... what has ANZ done in its decisions with the environment that distinguishes it from the competitors?

SHAYNE ELLIOTT: So, I think it's a great question and it's obviously a work in progress. So, I think if we go back and say, hang on a thriving community and people, which is what we're looking for clearly has to be an environmentally sustainable future. Now, we can start to get into the nitty gritty of what that is defined as. And I had an email today from customers talking about the role of gas, for example, those things, so we can talk about the technical points. But the issue is clearly in order to achieve our purpose, we care about a sustainable environment, right? So, we need to say, all right, if that's the future - low carbon, thinking about water management, thinking about biodiversity - so the broader sense of sustainability. What's our job? Our job as a bank, we finance transitions. That's what we do. We financed the transition from horse and buggy to cars. We financed the transition of Australia and New Zealand in particular from colonial, very basic economies and the development of those. That's what we do.

And so, what how do we lean into that transition? How do we help the countries build for a sustainable future? We see it as a massive business opportunity. So, I don't think of it as a cost to the bank, I see it as a huge opportunity.

Now why are we well positioned for it, because actually the kinds of things that ANZ does are the sorts of things you'd need to be good at to be able to finance that transition. We're really good... we're well-connected across the region, for example. We're number one in things like actually knowing how to finance really, really big projects. Guess what - hydrogen plants or carbon capture or solar are really big, complex financial problems to solve. And people like ANZ have the capacity to do that. So, we see it as an exciting opportunity and certainly not an either or. But the challenge, of course, when you get into the nitty gritty of it, it can feel very challenging and also a bit controversial at times. But that's what we do.

SALLY WARHAFT: Do you do you feel like... Australia, to me, is a country without a big vision of itself at the moment, it has been probably for a couple of decades. Unimaginative, I think, in lots of ways. It's up to individuals and businesses, I think, on their own to create vision. Do you feel like that with the bank?

SHAYNE ELLIOTT: Maybe I take a very pragmatic point of view, we just have to get on with it. And actually, the history of ANZ is an interesting one and I've learnt a lot reading the history of the bank. Companies - not all - but many are the leaders of change across economies and communities. And I think about the social progression of a company like ANZ - being the first major organisation to employ women in Australia. So, I think the shift around climate change and the massive shift in capital and getting ahead. So, I think companies absolutely can be a massive force for good when they have that right cultural heart. And so, to be honest, we don't spend too much... I don't spend too much time lamenting of those issues. I think it would be fair to say that what you described there is probably true of most of the world. I think it's hard to find too many parts of the world where you would say "I really understand the strong vision of that country". So, I think it's really incumbent upon organisations like us to respectfully - and I mean that - use the power that we have, and I'm very conscious that we do have a lot of influence. I mean, part of the reason we have our purpose was a recognition that actually there's a large, pervasive organisation in Australia and New Zealand, what we

do matters. The way we behave, who we bank, what we care about, what we talk about, what we think is important, whether we like it or not - and some people don't like it - actually resonates and has an impact. Our employment policies, our policies about climate change and who we bank and who won't bank, our policies around diversity and inclusion. Those things actually shape the world. And so, the question for us is do you do it proactively and you do it because you want to proactively shape the world. Or do you wait to be told? And we've said hey we're not going to wait to be told. We believe we have a responsibility to use that power and authority for good. And by the way, we'll get criticised for it.

It's one of the interesting things I've learn in five years. It's interesting that you sign up for these jobs and you have this idea, you've got all these great plans and we're doing these great things and building this for customers. And of course, you get unwittingly get dragged into all sorts of issues, conversations, debates, I guess at a national level. And I think what we are doing, we've got a really interesting conversation we're having at the moment, which I won't get into but just we then need to stand back and say, "hey where is it appropriate for ANZ and an organisation like us to have a voice and speak up and when isn't it?"

So, we don't want to be a company that says we never have an opinion on anything. If it's legal, we do it. That's not us. But we also have to speak up on things that are relevant where people would sit and go "well, I'm kind of interested in what ANZ has to say". I might not agree with it, I might think they're bonkers, but at least I think they have a relevant point of view. And so, it's that having again, a culture and a way of thinking about it to say, where is it reasonable for us to lean in? And where to have courage. And I think it does take courage for organisations because it's a lot easier to keep your mouth shut, to be perfectly honest.

SALLY WARHAFT: The bank has a coat of arms and a motto - *Tenax Propositi*. We had Shakespeare last time, a little Latin this time. Tenacious of Purpose. What does... I mean it's a fascinating motto. It was introduced by the first Chairman of the Board of ANZ, it was a family motto. Unwilling to accept defeat, this idea of tenacity and holding tightly to something. And I wondered what that motto means to you and how - if at all it shaped - the idea of the purpose of the bank?

SHAYNE ELLIOTT: The honest truth is it didn't shape the purpose of the bank but after... it was after the fact. It came along and we went wow! And I think we talked about it before, uncovering the purpose of an organisation somebody described it to me as an archaeological dig. You don't make it up. You actually are searching through what has sustained the company for this period of time.

So, I think, unknowingly to us anyway, that motto was actually incredibly appropriate and it obviously has shaped the bank over a period of time. And so maybe it should be unsurprising that our purpose is so aligned with that. But I think again, it talks about courage - to me anyway. It talks about for standing up for what you think. That tenacity of purpose, of saying this is what we believe and we're going to stand up for that and we're going to put our shoulder to the wheel on those particular... exactly what we just talked about. Which is what are the areas where we really want to be tenacious - on and really speak up. And where is it not appropriate?

So, I think actually, whether it's a coincidence or not, it speaks a lot about the 200-year-old culture of the organisation. And I think it's an... I personally think it's entirely appropriate. I mean, the fact that some people now it was men in those days came out from the United Kingdom to settle and start an organisation in the 1830s in Australia and then in the 1840s in New Zealand. That takes courage, that takes a sense of purpose and adventure. And I think those things do... have actually shaped ANZ over a long period of time and continue. I personally think, look, it's just me. It's also that courage that has helped shape ANZ as a socially progressive organisation, because those things that would have been courageous in the 1880s to employ women. Today we kind of think it's nothing but that would have been courageous. It would have been courageous for the organisation to go to what we now know as Papua New Guinea in 1910 and say we're going to go and do business in these places. And so, I think there's lots of there's lots to take out of that.

SALLY WARHAFT: Well, good luck. Good luck with what lies ahead. It's going to be a lot of challenges and a lot that sounds very, very exciting at this old but very modern organisation.

SHAYNE ELLIOTT: It is exciting. And it's this idea of longevity, right? And I sit there and it's the same thing in organisation and it's about The Bank We're Building. We're never going to own the bank, it's not my bank, it's not my purpose, it's not my strategy.

Our job is to look after it for the next generation and leave it in better shape. And so that's really what we're trying to capture is this idea of The Bank We're Building. Now, what we've got to make sure is that we build at-pace and with a sense of purpose. And so that as we transition and people come and go - I won't be here, there'll be other people who will come - but that commonality, that tenacity of

purpose stays true for the next 185 years. And I think that's really... and I think if anything, the last five years has really been about trying to be incredibly focused about how and where we put our efforts to make sure that ANZ is a contemporary, appropriate organisation for not just 2021 or 2022 but for the next 100 years and what would that look like? And so, it is really exciting, but still lots of work to do.

SALLY WARHAFT: Good motto, good chat. Great to catch up and hear what you've been doing and all the best with it Shayne

SHAYNE ELLIOTT: Thanks very much. Thank you.

VOICEOVER: Thanks for listening to this interview with ANZ Chief Executive Shayne Elliott as he discussed *The Bank We're Building*. If you enjoyed this conversation, you can share it with your colleagues, clients and networks.

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