



## **“CREATING SOUTH AUSTRALIA’S BANK FOR THE FUTURE”**

---

**AUSTRALIA ISRAEL CHAMBER OF COMMERCE  
12 FEBRUARY 2015, NOON – 2.00PM  
INTERCONTINENTAL HOTEL**

### **INTRODUCTION**

Thank you Andrew and good afternoon everyone.

I’ve been very much looking forward to being here and discussing the importance of BankSA to South Australia and how we’re transforming this iconic institution into South Australia’s bank for the future.

Before I start I’d like to acknowledge that we’re meeting on the traditional lands of the Kurna (GAR-NA) people and pay my respects to elders both past and present.

I’d also like to thank the Australia Israel Chamber of Commerce for the invitation and organising today’s event.

When I was approached to be Chief Executive of BankSA just over a year ago now, I was given a one-sentence job description: transform BankSA to support South Australia into the future.

As a proud South Australian who grew up dreaming of having such a job, I was pretty excited, as you’d expect.

But having now been in this role for nearly 12 months, the significance of BankSA and the role South Australia's bank plays in this State, is something I had failed to fully appreciate earlier.

A strong financial system is imperative for economic growth and South Australia is fortunate to have a dedicated financial institution in BankSA.

The benefits of a strong South Australian bank cannot be understated. A robust bank creates a virtuous cycle of re-investment back into the community – into projects, thought leadership, philanthropy and, most importantly, local innovation.

Steve Jobs once said: "You can't connect the dots (in life) looking forward; you can only connect them looking backwards."

In my role I am fortunate to get a privileged view on many different aspects of the economy and on some of the trends that are affecting our state.

And at BankSA we're very conscious that our history as South Australia's oldest bank means that our past and our future are inextricably linked to the State's economic success.

Our purpose, since 1848, has been to help South Australians buy their homes, make more of their savings and grow their businesses: through floods and droughts, booms and busts, war and peace and, of course, devastating bushfires.

Now there are many reports and commentary out there about the future of banks and whether we will be able to compete with more agile start-ups, new technologies or new business models.

Many people feel that banks will fall into one of three categories: they will shape the future, be fast followers, or they'll be sceptics by putting off change and being too defensive and slow to react.

So BankSA had to decide what sort of future we wanted to create, for ourselves, for the State and, most importantly, for the South Australians we exist to serve.

So despite Steve Jobs' advice I'm going to push my luck today.

I'm going to try to join the dots on what is happening in BankSA and how what we're doing makes a difference to South Australia.

## **WHERE WE'VE COME FROM**

To understand where we are going, it's important to give you some context on where we have come from, over our lengthy history.

There is no doubt that BankSA is, and has long been, an iconic South Australian brand with a strong connection to the State and the community.

For 166 years, we've helped South Australians buy their homes, make more of their savings and grow their businesses. We've learned the art of customer service and serving the State, and we've built a strong brand that South Australians have a deep connection with.

But we soon discovered that that deep connection with the people of South Australia was no longer enough. We know this because South Australians aren't choosing to bank with us the way they used to.

Customer expectations and behaviours, technological capabilities, regulatory requirements, demographics and economics are together creating an imperative to change and banks must stay ahead of changes if they are to remain relevant to their current, and future, customer base.

So in joining BankSA I was faced with a few stark realities:

- While BankSA once had nearly 40 per cent home loan market share and daylight was second in terms of ranking in home lending, BankSA had slipped to third place with only 13 per cent market share.
- BankSA's growth in customer numbers hadn't kept pace with growth in the population of South Australia. In fact, up until recently our customer base was going backwards.

So what happened? What had changed?

Our customers *had* changed, but BankSA hadn't. And that was the problem.

For too long BankSA had rested on its laurels and had relied on its tenure in South Australia, rather than proactively matching the natural momentum of our customers.

When we started to peel back the layers and really understand what South Australians thought of us, we discovered some pretty interesting things.

South Australians were using words like 'innovative', 'accelerating', 'momentum', 'construction' and 'energy' to describe the State. While BankSA was being described as 'old-fashioned', 'comfortable', 'stodgy' and 'staid'.

So in my first week at BankSA, I was forced to consider not only how to go about leading BankSA, but how to return BankSA to some semblance of its former glory.

The good news is there is a great foundation to work with and we are unique. We have a local board, local CEO, local senior management, local decision making including credit decisioning, local knowledge and the largest network of branches across metropolitan and regional South Australia.

Today I'd like to share with you the seven key themes that I believe has commenced the turnaround of BankSA for the ultimate benefit of all South Australians.

These themes are:

1. Innovation and technology;
2. Courage;
3. Customers at the centre;
4. Diversity of thought;
5. Brand is king;
6. A small business state; and
7. Looking after the community that looks after you

## **INNOVATION AND TECHNOLOGY**

Innovation is an important word when it comes to transforming the way banks provide their services.

There's no doubt that traditional banking has been defined by branch networks – over the counter transactions, opening accounts and discussing borrowing needs amongst other things.

BankSA has always done this really well – for this we get an A+. We've been readily accessible all over the State. In fact, we have the largest number of branches in South Australia over any other bank, by a long shot.

And in the past, this model has served us well and is one of the reasons we score really well on customer satisfaction in retail and business banking.

Today however, the statistics tell us a different story. Nine out of 10 transactions take place outside of a branch.

And this number continues to grow, driven by our customers and their attraction towards the convenience and efficiency of modern solutions.

In 2009, when BankSA launched mobile banking, we had about 3,000 mobile banking customers that year.

We now have over 105,000 customers actively using mobile banking.

About 180,000 customers do their banking via digital and more than half of those do their banking via a smartphone or tablet.

The pace of uptake is also accelerating and for this reason, we must be looking for smarter, quicker and easier ways for our customers to bank. This has become a priority.

In the last six months alone, BankSA launched fingerprint logon for mobile banking and we were first in the world to do it, we launched mobile phone account opening forms across the full range of everyday banking products, which have reduced account opening time by 50 per cent, and we've launched mobile ability to put a stop on debit and credit cards in the event they're lost.

We also have a new, fully functional iPad and Android app that is considered the best in the market and streets ahead of our competitors.

The pilot roll-out and testing of this app received the best feedback we have ever received from a pilot and our customers love it.

We also launched a new mobile banking app this week and an online platform called MyBusinessConnect for small businesses to access outsourced services like book keeping, website design, business planning and legal advice, amongst other things.



So you can see we have done quite a bit and yes, staying in front of technology is hard work. But nowadays it's essential to stay relevant.

Today's customers won't settle for second best and nor should they have to.

Which brings me to my second theme: courage.

## **COURAGE**

It became clear to me shortly after joining BankSA that the business hadn't transitioned in line with where our customers wanted us to go, because the changes needed would be unpopular for some and challenging to manage.

Business transformation cannot occur without courageous leaders who can navigate through changes, and have the ability to see around not one, but a few corners while anticipating change.

This requires strong strategic skills and comfort with uncertainty. It also requires a willingness to abandon what's made a business successful in the past.

In business, courage is about fronting the realities of today and the unknown possibilities of tomorrow, and being prepared to make decisions that are right, regardless of their popularity.

For BankSA, this courage came about when we started addressing our branch network.

While we recognise that banking habits are now predominately online or mobile, we know that branches will always play a role in our business, but that role is changing.

BankSA has 50 more branches than any other bank in South Australia – nearly 70 per cent more if you measure it that way.

Branches in locations that were once convenient for customers are no longer servicing the community the way they used to. And we're finding more and more people are going to a one-stop shopping centre to meet all their needs, rather than visiting a free-standing bank.

As a result, we've had to change the way we think about our branches too – and have the courage to make decisions that will allow us to better adapt to our customers' changing behaviour to stay relevant and competitive.

So last year, we began closing some branches that were no longer proving relevant to the communities they were established to serve.

We've done this in consultation with the community and our customers to ensure there are many options for continuity of their transactional banking.

We've also renovated those branches nearby to a closed branch to ensure comfort for our existing customer base, as well as opened some new ones in prime locations.

In fact, it's important to call out that this is not a cost saving exercise. We are investing more than we ever have before in BankSA, nudging \$35 million alone on branch refurbishments.

Our decisions to close some grossly underutilised branches were not without controversy, despite the fact that BankSA still has significantly more branches than any other bank in South Australia.

But, we stayed the course and had the courage to weather some bad press and complaints because, ultimately, we know our decisions were made in the best interests of our customers, our community and our bank.

Which brings me to my third theme: Customers at the centre.

## CUSTOMERS AT THE CENTRE

BankSA has always rated well in our customer service and I believe this is because we never forget our purpose, which has two main elements:

1. To help people save to buy their homes and then retire comfortably; and
2. To help businesses establish, prosper, grow and contribute to their communities.

In times of uncertainty, clarity of purpose serves as an organisation's compass.

And it is the 'why' we're in business that we must regularly remind ourselves of, and that's to 'wow' our customers.

We don't just want to provide good, or even great, customer service, we want to provide experiences that exceed expectations and actually create memorable moments for them.

We've done our research and we looked at how really good companies around the world deliver memorable customer service. We wanted to learn from the best.

For example, we looked at how Apple delivers their in-store experience, and we found that they in turn had learned from another great service organisation, the Ritz-Carlton Hotel group.

So, we've developed a Service Revolution program with the support of Ritz-Carlton and have invested in all our employees undertaking world-class customer service training.

We are empowering our people to connect with customers, understand them, learn about their interests and lives, and contribute positively to that – rather than just transacting. It's all about engaging with our hearts, not just our heads.

Many times when people come into a bank now, it's for something complex or significant - or both. These times are often really momentous in our customers' lives – buying a house, going on a holiday, starting a business – and we want to make our part in it important.

In short, we want to 'wow' them so that they'll remember us – for all the right reasons.

Since we began we've had some great examples of how our employees have been empowered to put this into action.

One of my favourites is from our Norwood branch where we were helping a couple with a loan to help fund pilot school for their son. The team decided to create some magic and through Twitter, got in touch with Matt Hall from the Red Bull racing team – why not contact Australia’s best pilot!

With the permission of the parents, Matt Hall sent a message to their son with some encouraging words to inspire him as he set out on his path to becoming a commercial pilot.

As you’d expect, this created a big ‘wow’ moment for him. It didn’t take much effort or cost any money but it did create magic for our customer.

Another example comes from Mt Gambier. Not long ago, a customer came in for a review of their banking and had recently suffered from an illness which left him disabled and unable to work.

During their conversation, our banker realised that this customer was paying insurance premiums for an unknown policy. Our banker went about contacting every insurance company in order to get to the bottom of it, and learned that the customer was eligible for a payout of \$270,000.

This has changed our customer’s life.

I love hearing these stories and others like it, because it's the stuff that we want to be famous for.

### **DIVERSITY OF THOUGHT**

The fourth theme I'd like to talk about is diversity of thought, the importance of diversity for innovation, the need for ongoing learning and a flexible work environment.

Being able to attract a diverse workforce and encourage diversity of thought are both at the core of innovation.

This is not just about being open to new ideas, but actively seeking new ideas.

Leaders need to be inclusive, have empathy and care for people.

This is about attracting the best talent and being able to have a long-term relationship with customers.

Within BankSA I am proud that 52 per cent of our business leaders are women. And for us, the arguments for gender equality boil down to one truth – it is simply the right thing to do.

This is also why I became a founding member of the Gender Equity Board in South Australia, called Chiefs for Gender Equity.

Capturing the economic, social and cultural dividends from valuing diversity in employees, customers and suppliers also offers a sustainable competitive advantage for BankSA.

Diversity gives us a better understanding of the needs of our current and potential customers by more closely reflecting the demographics of the community, and it provides access to a greater share of the talent pool.

It also encourages creativity and innovation in addressing business issues, fuelled by the richness of different experiences and approaches to problem-solving that only diverse teams can deliver.

BankSA ensures diversity and the promotion of strong capable women by treating it as any other business critical issue. It is something we carefully manage and plan.

We also value the substantial number of older age workers we employ, and have recently launched internship programs and traineeships to ensure we are bringing youth into our workforce as well.



## **BRAND IS KING**

With so much transformation occurring within our business, we couldn't ignore the fact that South Australians had told us that our brand looked old, tired and out of step with momentum and energy of the State.

We had to address this. Which leads me to my next theme: Brand is king.

Representing perhaps the single largest symbol of change, BankSA relinquished the twenty-year old Sturt Desert Pea logo in favour of a stylised geographical map of South Australia.

So what's the point of changing a logo?

Branding goes way beyond just a logo or graphic element.

When you think about your brand, you should actually be thinking about your entire customer experience - everything from your logo, your website, your social media experiences to the way your staff help your customers.

In short, your brand is the way your customer perceives you. And we needed to rapidly change the way our customers, and the South Australian community, perceives us.

Our look is fresher and more contemporary, and is an outward symbol of the positive change and momentum underway within our business.

We've also added a tagline – Let's do this. This is more than a mantra, it's an attitude, and attitudes come from within. We want to energise people – whether it's our staff, our customers or the people of South Australia – to stop wondering and start doing.

It's fair to say that the launch of our new branding has resulted in a lot of interest and discussion – in the media, the community, and amongst our customers and non-customers alike.

And while at first I was a little taken aback by this unbridled passion, it has galvanised in my mind that we are indeed heading in the right direction.

The very fact that our local and online community conversation was dominated for a good 24 hours or more on our logo change demonstrates exactly why we are doing this.

South Australians – whether they bank with us or not - are passionate, protective and see themselves to some degree as custodians for their State's local bank, and for that reason we owe it to them to not just survive, but thrive.

## **A SMALL BUSINESS STATE**

Aside from being passionate and protective, South Australians are also known for their entrepreneurial skills and innovation.

If I were to ask you what you think the key driver of growth for an economy is, I bet some of you would say “population growth”. Or “investment in infrastructure”. Or perhaps “education”.

All of these are very important, but the real driver for growth is ‘innovation’, and ‘technological innovation’ in particular.

Another driver of growth is a strong banking system, as ultimately banks fund a lot of the businesses that invest in this State.

Which brings me to my penultimate theme: South Australia is a small business state.

Prior to joining BankSA, I managed the fastest growing small business team of all the major banks. This is a market segment that I am very familiar with.

If innovation feeds growth and South Australia is a small business state, then we have the necessary building blocks to facilitate real economic prosperity.

Being small businesses though, SMEs do need extra help.

And it's incumbent on large organisations, like BankSA, to not only provide products and customer service, but to also work with them to develop their plans and provide additional guidance and support.

When I joined BankSA, it was apparent to me from the outset that BankSA's business model didn't reflect an economy 90 per cent driven by small business.

My first mission was to reposition BankSA to serve the SME engine room of South Australia's economy.

Recent research from Deloitte Access Economics found that small businesses that use the web effectively are twice as likely to be growing revenue, and earn twice as much revenue per employee.

Yet, there are too many small businesses saying they find it hard to access funds so they can invest in and grow their businesses.

BankSA is in the business of making sure that small businesses can access funds.

The banking sector, as well as the government and the business community as a whole, has a shared responsibility to encourage and foster South Australia's spirit of innovation.

We found a way to quickly redress this issue.

We've appointed a Head of Small Business banking and went on a recruitment drive to hire the best small business bankers that Australia had to offer.

We also undertook a major transformation of our Corporate and Commercial bank, with a view to centralising administration work and freeing up 20 per cent (or more) of our bankers' value time to instead spend face-to-face with customers.

This has created the capacity our small business bankers need to serve customers directly, which is ultimately what banking is all about.

These changes put us slightly in front of our competitors, but late last year we played our ace card and introduced Business Connect to our small business customers.

Through this innovation, our customers can access high quality business bankers and specialists via video, creating the convenience of providing the advice small businesses need, when they need it.

Our specialist team of subject matter experts is located in King William Street and know the Adelaide market inside out.

This is game changing technology that we rolled out in 20 Adelaide branches.

Proving once again that our customers thrive on innovation and technology, we're now doubling our efforts and taking Business Connect to another 20 branches, including some in regional South Australia.

We're also increasing the number of 24/7 lobbies and smart ATMs with coin service in our branches to enable small businesses to do their banking when it suits them.

Finally, we're really putting our money where our mouth is and will lend \$1 billion to small to medium-sized businesses this year, with a view to making it possible for some firms that cannot self-finance to carry out projects that otherwise would not take place.

In under a year, BankSA has transformed its business model and our services to support a small business state.

If South Australia is the state we were created to serve, then our business model, our priorities, our investment and our passion needs to reflect those of this state.

## **LOOK AFTER THE COMMUNITY THAT LOOKS AFTER YOU**

The last theme I want to talk about is: Looking after the community that looks after you.

At BankSA we continually remind ourselves that we are a local, state-based bank. Therefore, what matters to South Australians and what's happening in this State, is important to us.

We can't succeed if South Australia doesn't succeed, so our interest in growing the economic and social prosperity of this State is not just the right thing to do – it's also good business.

It's the reason why BankSA, through the BankSA Foundation - our staff charitable fund - donates around \$400,000 a year to South Australian charities and not for profits.

Our research has also revealed that 75% of households and 67% of small businesses believe big business should play a major role in helping to make South Australia more competitive.

We recognise that it's not only incumbent on governments to move this state forward.

Businesses like BankSA must create partnerships across government, academia and the community to support South Australia, inform decision-making and do our bit to support our collective future.

And it's for this reason that BankSA was a foundation partner, in the Shaping SA initiative. Through this initiative, we've presented the South Australian government with 10 priorities to better the State, and we're chomping at the bit to get on with them.

It's great to see some of them being talked about over the past few days.

We know we must lead by example and it is incumbent on all of us in this room to do the same.

So what else can we, as South Australians, do to facilitate growth in South Australia?

As I mentioned earlier, the real driver for a step change in growth is innovation, technological innovation in particular, which we can support through a thriving small business sector.

But, it's actually those economies that have a strong financial system in addition to technological innovation that experience the most growth.

Australia is fortunate to have a strong, stable, efficient and effective financial system. And how we weathered the global financial crisis is a testament to that fact.



But South Australia is doubly fortunate to have a dedicated financial institution, with strong, embedded, historical ties to this State, established wholly and solely to support the needs of South Australians.

A strong South Australian bank makes it possible for some firms that cannot self-finance to carry out projects that otherwise would not have taken place, and this increases output.

A strong South Australian bank creates a virtuous cycle of re-investment back into the community - into projects, thought leadership and local philanthropy that otherwise would not occur.

South Australia needs a strong bank that is relevant to the economy in which it operates. That's us. That's BankSA. And we're changing rapidly to adapt to the future and the new world of banking South Australians demand.

I hear people say 'South Australian's don't like change' – that may well be the case, but I'm pretty sure we like stagnation, unemployment and shrivelling opportunities a whole lot less.

Yes, it takes courage, commitment and leadership, but we've got bags of it.

And we know we must lead by example. In fact, it's incumbent on all of us here to do the same.

Let's do this!

Thank you.