

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (SECOND REPORT)

Australia and New Zealand Banking Group Limited

ANZ60QW: Mechanisms for detecting misconduct

What mechanisms has the bank put in place to proactively identify patterns of misconduct or negligent conduct which results in negatively impacting the bank consumer?

Who is accountable at the senior executive level to ensure the implementation of these mechanisms (if any)?

Answer: ANZ uses a three lines-of-defence model that allocates primary responsibility for identifying and preventing misconduct to the frontline business units. Frontline business units are supported by ANZ's compliance function and audited by our internal audit function.

Specific examples of controls used under this model include:

- Training of staff members in their obligations to comply with the law and ANZ's customer-centric policies. These obligations are set out primarily in the Code of Conduct. Staff members receive annual training in complying with the code
 - Compliance with the code is monitored and investigated by our group investigations and employee relations functions
- A strong whistleblowing mechanism that allows staff members to escalate concerns about misconduct (see our response to ANZ16QON)
- Technology solutions including a transaction monitoring system that identifies suspect staff and customer behaviour
- Existing and increasing use of data to identify unacceptable behaviour, particularly in our markets and wealth businesses
- Continuous and ongoing surveillance of computer systems, equipment and premises
- A focus on product suitability that takes into account our obligations under the FoFA reforms
- These latter two lines of defence undertake thematic reviews to respond to potential concerns.

Overall accountability for ANZ's compliance with the law and its policies is held by the Chief Compliance Officer. ANZ's CEO and AC Chair for Internal Audit also have accountability for ANZ's compliance.

Additional ownership for managing, monitoring and reporting is held by Country Chief Risk Officers and Divisional Chief Risk Officers throughout ANZ.