

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS (THIRD REPORT)

#### Commonwealth Bank of Australia

#### **CBA24QW:**

What linkage between the sale of these products with employees performance objectives exists? Provide examples.

#### **Answer:**

Staff incentives are based on balanced scorecards, which have evolved following the recommendations of the Sedgwick review. The focus has shifted significantly to customer outcomes including quality conversations with customers to better understand their financial needs.

For some staff, there are still linkages between incentives and financial measures of performance. For instance, the scorecards for our branch frontline staff (excluding lenders and tellers) assesses performance against positive 'Customer Outcomes' (40 per cent); 'Technology Education' (10 per cent) and overall 'Branch Performance' (50 per cent). 'Branch Performance' is a financial measure which takes into consideration the sale of all products by all of a branch's staff.

A Commonwealth Bank review found the sale of this product to customers ineligible to claim all benefits was not intentional and was linked to the sales scripting rather than to performance measures.