

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS

Westpac

WBC106QW: Banking services in the Pacific Islands

(a) Please list the countries in the Pacific Islands where your bank currently provides banking services.

(i) Please outline what banking services are offered in each of these countries.

(b) Are there any countries in the Pacific Islands where your bank provided banking services in the past 5 years but no longer provides banking services?

(c) If you have stopped providing banking services to any Pacific Island country, please list the name of the country and for each country explain:

(i) the reason for ending banking services;

(ii) whether the cost of meeting Australian AML/CTF requirements contributed to your decision to stop providing banking services.

Answer:

(a) Westpac Group currently has businesses in Papua New Guinea (being a 89.91% stake in Westpac Bank PNG Limited) and Fiji (Westpac Fiji Branch).

(i) Papua New Guinea

- Retail Banking
- Corporate and Commercial Banking
- Treasury and Financial Markets

Fiji

- Retail Banking
- Corporate and Commercial Banking
- Treasury and Financial Markets

(b) Over the course of 2015 and 2016, Westpac completed the divestment of its banking operations in Samoa, Cook Islands, Solomon Islands, Vanuatu and Tonga (the “Pacific Island Nations Operations”) to Bank of South Pacific.

On 7 December 2020, Westpac announced the sale of its remaining interests in our businesses in the Pacific Islands (being Westpac Fiji Branch and Westpac’s ~89.91% stake in Westpac Bank PNG Limited) to Kina Securities Limited, subject to certain conditions, including

regulatory approvals in both PNG and Fiji. Regulators in both countries are currently considering the sale. On 22 July 2021, the Independent Consumer and Competition Commission in PNG issued a Draft Determination proposing to decline authorisation for Kina to acquire Westpac's stake in Westpac Bank PNG Limited. A Final Determination is expected in September.

- (c) These divestments were primarily to simplify Westpac's operations in the Pacific in alignment with our strategy.

The divestments of the Pacific Island Nations Operations were completed over the course of 2015 and 2016 and were undertaken to focus our Pacific business on Fiji and PNG, which aligned with Westpac's then broader regional footprint and aspiration to support flows of capital, trade, and migration in the Asian region.

In May 2020, Westpac announced its intention to significantly simplify its business and focus its operations on banking in Australia and New Zealand. Our program of portfolio simplification is well progressed. The divestment of our businesses in Fiji and PNG is part of that process.

There are a range of regulatory and operational risks and costs that Westpac faces in operating businesses in Pacific countries, including the risk of financial crime. These make it challenging for a bank such as Westpac to compete in those markets, and were factors in the decision to exit those countries.