

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Australia and New Zealand Banking Group Limited

ANZ requests that this response be treated as confidential as it contains detailed information on ANZ's retail performance plan

ANZ13QW: Thistlethwaite

CALC Case study - Maryanne

What sales incentives are in place for bank staff to sell consumer credit insurance?

ANSWER

ANZ Branch Network staff performance for the first half of 2019 relates to four key result areas (KRA) (Customer – 35%, Financial and discipline – 30%, Risk and process – 20% People and reputation – 15%).

Performance is assessed by the direct manager (and approved by their manager) according to the four KRAs and additional assessment of competency and values. To be eligible to participate in the incentive program, an overall performance rating of "good" or "better" is required.

Performance against the KRAs is assessed on an overall basis, rather than by satisfaction of hard targets with respect to each KRA. For example, a staff member who did not meet their financial KRA might still receive an incentive payment if they performed at above expectations in one or more of the other three KRAs.

Managers have discretion not to make an incentive payment to staff members who, despite their performance against the KRAs, had not performed sufficiently well in relation to competency and values.

Performance against the Financial and discipline KRA is assessed by reference to five areas of ANZ's business ("pillars"), product groupings within each area ("sub-pillars"), and relevant products.

In the current period, the five pillars relevant to the financial KRA (and their respective weightings) are: Deposits (30%), Home Loans (20%), Wealth (20%), Business (20%), and Borrow – Lifestyle (10%).

ANZ currently offers two products that could be considered as consumer credit insurance products: mortgage protection and personal loan insurance. Sales related to these products are recorded under the Wealth sub-pillar outcomes (contributing 6% of the 20% Wealth component).

Product sales are relevant to the sub-pillar and pillars, which in turn contribute to the financial KRA. As noted above, an incentive payment is then determined by the relevant manager's assessment of overall performance, including in relation to competency and values (rather than simply reflecting product sales through a formula).