

STATEMENT IN SUPPORT OF APPLICATION FOR MERGER AUTHORISATION

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Applicant

Statement of: **Peter John Dalton**

Address: 833 Collins Street, Docklands, Victoria

Occupation: Managing Director Design and Delivery ANZx, Australia and New Zealand
Banking Group Limited

Date: 13 December 2022

This document contains confidential information which is indicated as follows:



Restriction of Publication Claimed

Contents

Document number	Details	Paragraph	Page
1.	Statement of Peter John Dalton dated 13 December 2022	1- 115	3-30
2.			
3.			
4.			
5.			
6.			
7.			
8.			

Restriction of Publication Claimed

A. INTRODUCTION

1. I am the Managing Director Design and Delivery ANZx, of Australia and New Zealand Banking Group Limited (**ANZ**). I am authorised to make this statement on ANZ's behalf.
2. I make this statement in support of ANZ's application to the Australian Competition and Consumer Commission for merger authorisation to acquire 100% of the issued share capital in SBGH Limited from Suncorp Group Limited, either directly or via a related body corporate of ANZ, in accordance with a share sale and purchase agreement between ANZ and Suncorp Bank executed on 18 July 2022 (the **proposed acquisition**).
3. I address the matters set out in this statement based on my experience in the banking industry and with ANZ as described in paragraphs 6 to 12, my knowledge of ANZ's operations and my review of the ANZ business records that I refer to below. In preparing this statement I also consulted with a number of my direct reports and other ANZ personnel to whom I refer in this statement, to obtain or confirm certain information in this statement. Some of the information was extracted from ANZ's systems by those individuals or their delegates. Where I make statements based on the information provided to me, I believe that information to be true.
4. Exhibited to me at the time of signing this statement are the documents marked PJD-1, PJD-2, PJD-3, PJD-4, PJD-5, PJD-6 and PJD-7.
5. This statement (including its exhibits) contains information that is confidential to ANZ and its related entities. Disclosure of that confidential information would cause prejudice to ANZ and its related entities.

B. ROLE AND EXPERIENCE

My role at ANZ

6. I was appointed as Managing Director Design and Delivery ANZx, in April 2019.
7. In my current role, I am responsible for leading the design and delivery of the ANZx program, which I describe in Section D below. My responsibilities include preparing and delivering reports to the board of ANZ on matters concerning ANZx.
8. In my role I report to Maile Carnegie, ANZ Group Executive Australia Retail.

Experience and qualifications

9. I commenced employment with ANZ in September 1995 and since then have held the following roles:
 - (a) Managing Director, Design & Delivery ANZx (April 2019 to present);
 - (b) Managing Director, Customer Experience & Digital Channels (January 2017 to April 2019);
 - (c) Group General Manager, Innovation (January 2009 to January 2017);
 - (d) General Manager, Digital Solutions Global Wealth (March 2012 to July 2016);
 - (e) Chief Information Officer (August 2006 to January 2009);
 - (f) General Manager, Technology, Personal Division (October 2002 to 2006);
 - (g) Executive Manager, Enterprise & Staff Technologies (January 2000 to 2002);

Restriction of Publication Claimed

- (h) Senior Manager, Intranet (1998 to 2000); and
 - (i) Executive Manager, Enterprise & Staff Technologies (1995 to 1998).
10. I was also a member of the Australian Government Information Technology (IT) Industry Innovation Council between July 2009 and July 2011).
11. Prior to joining ANZ, I held the role of Software Project Engineer at Foxboro L&N Pty Ltd and Electronics Systems Engineer at Mount Isa Mines Limited.
12. I hold a Bachelor of Applied Science, Computing (with Distinction) and a Bachelor of Engineering, Electronic Systems, from the Queensland University of Technology.

C. [Redacted]

13. [Redacted]



D. BACKGROUND TO ANZx

Overview

14. "ANZx" is the name used within ANZ to describe a large, multi-year internal program of work at ANZ that is helping us build a radically changed, and substantially better Australian retail bank – one that delivers the tools, insights and coaching to help customers improve their financial

Restriction of Publication Claimed

wellbeing. As part of that program, ANZ is rebuilding the products, technology platforms, processes and people roles required to deliver the bank that ANZ wants to be in the future – that is, a bank which provides a much better customer experience, a simpler set of products, and a more compliant set of processes, and that really helps people improve their financial wellbeing.

- 15. ANZ has identified the following principles of financial wellbeing, which guide work on ANZx, as I describe at paragraph 56(c) below:
 - (a) spend less than you earn;
 - (b) put money aside for a rainy day;
 - (c) save regularly towards your goals;
 - (d) protect what you can't afford to lose;
 - (e) borrow within your means;
 - (f) pay your most expensive debt first;
 - (g) build towards your retirement;
 - (h) invest in things that grow; and
 - (i) give back to family, friends and the community when you can.

- 16. The customer propositions being built through the ANZx program of work – that is, the suite of products which customers will be able to use, using the technology developed through ANZx – are known as “ANZ Plus”.

The development of ANZx

- 17. [REDACTED]

- 18. ANZx is [REDACTED] part of ANZ's digital transformation strategy for its Australian retail bank. [REDACTED] ANZx, [REDACTED] extends to transforming the products, processes, propositions, and brand that ANZ will take to customers. [REDACTED]

- 19. [REDACTED]

- 20. [REDACTED]

Restriction of Publication Claimed

[Redacted]

21. [Redacted]

22. [Redacted]
[Redacted]

[Redacted]

23. [Redacted]

[Redacted]

24. [Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted]

25. I have read the description of changing customer expectations in paragraph 29(b) of the witness statement of Shayne Elliott signed on 30 November 2022 (**Elliott Statement**). I agree with that description [Redacted]

[Redacted]
[Redacted]

26. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

27. As a general proposition, customers' expectations of retail banking have changed over the last decade or so. In 2010 most people were using bank branches or internet banking regularly. Then smart phones arrived, and customers moved to "always-on banking", where instead of banking weekly or even monthly, they wanted to be able to access their bank accounts whenever they wanted. Now, people are more likely to log into their mobile banking app to view their balance or recent transactions (for an "informational" purpose) and to move money

Restriction of Publication Claimed

(a “transactional” purpose). Customers expect to be able to join a bank from their phone. Customers also want to better understand their financial data.

28. [Redacted]

29. I have read paragraphs 45 to 50 of the Elliott Statement, which describe aspects of the financial performance of ANZ and other Australian banks. While I am not personally familiar with the details of each of the particular figures quoted in those paragraphs, the matters described in those paragraphs are consistent with my understanding of the decline in retail banking industry growth and margins generally [Redacted]

30. I have read paragraphs 30 to 44 of the Elliott Statement, which describe the increase in competitive intensity in the markets for banking services. The matters described in those paragraphs are consistent with my understanding of the intense competition major banks have faced from new entrants and government initiatives [Redacted]

31. [Redacted]

32. “Cloud-based” technology refers to technology that typically involves a third-party provider hosting software, platforms or infrastructures for multiple users, often across multiple data centres, rather than each user hosting that software, platform or infrastructure “on-premises” (that is, in their own data centre). The benefits to the users of cloud-based technology include cost-effectiveness, scalability, and stability.

33. [Redacted]

34. [Redacted]

Restriction of Publication Claimed

[Redacted]

35. [Redacted]

[Redacted]

36. [Redacted]

37. [Redacted]

38. [Redacted]

39. [Redacted]

- (a) Open technology is a general term referring to technology or software which the user is able to customise, change or improve – rather than monolithic or closed technology which the user cannot change or customise, or can only change or customise with difficulty.

Restriction of Publication Claimed

(b) API stands for Application Programming Interface. APIs are the enabling technology that connects different pieces of software and enables them to work together. Unlike “monolithic” technology, this allows organisations to mix and match different services – or “bricks” – from a variety of vendors to create customised user experiences. Where a component requires changes or updates, those changes can be made more quickly and cost effectively to the “brick” without the risk of unintended effects to other components.

40. [Redacted]

41. [Redacted]

42. [Redacted]

43. [Redacted]

[Redacted]

Restriction of Publication Claimed

[Redacted]

44.

[Redacted]

[Redacted]

[Redacted]

45.

[Redacted]

46.

[Redacted]

Restriction of Publication Claimed



47. [Redacted]



48. [Redacted]

49. [Redacted]

Restriction of Publication Claimed



50. [Redacted]

E. [Redacted]

51. [Redacted]

52. [Redacted]



Restriction of Publication Claimed

[Redacted]

53. [Redacted]

54. [Redacted]

55. When I refer to ANZ's "coaches", I am referring to ANZ staff who have been trained both to be able to support customers in their use of ANZ Plus, and to enhance customers' financial wellbeing by providing personalised financial advice. Customers can speak to a coach one-on-one online or instore, and through in-app messaging. Coaches also write self-help articles which are available to customers in the ANZ Plus app, and offer interactive workshops (where they teach tips to help customers budget and save) and other forms of support to customers. As part of ANZx, ANZ is also trialling different types of customer interactions (including with coaches), and a new store concept to help customers better understand how to improve their financial wellbeing, rather than simply transacting as they do in typical bank branches. The availability of coaches is an important feature of ANZ Plus and, therefore, of ANZx.

F. [Redacted]

[Redacted]

56. [Redacted]

[Redacted]

Restriction of Publication Claimed

[Redacted]

[Redacted]

57.

[Redacted]

[Redacted]

58.

[Redacted]

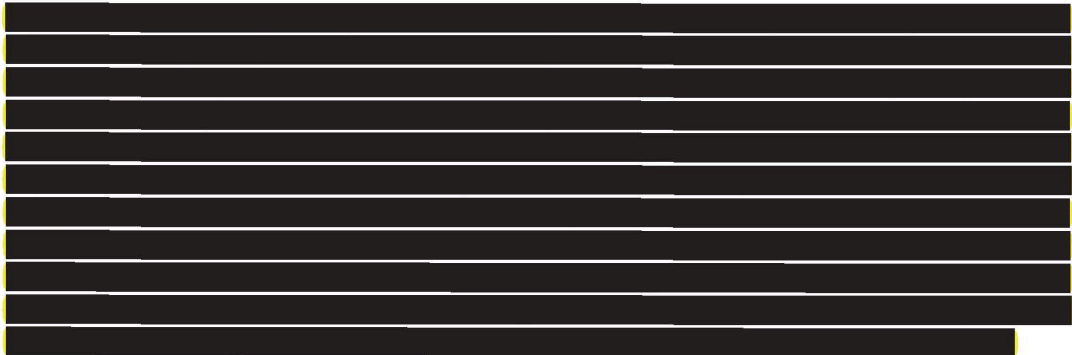
Restriction of Publication Claimed



59.



60.



Restriction of Publication Claimed

[Redacted]

61.

[Redacted]

[Redacted]

62.

[Redacted]

[Redacted]

Restriction of Publication Claimed

[Redacted]

63. [Redacted]

[Redacted]

64. [Redacted]

[Redacted]

65. [Redacted]

66. [Redacted]

[Redacted]

Restriction of Publication Claimed

67. [Redacted]

[Redacted]

68. [Redacted]

[Redacted]

69. [Redacted]

70. [Redacted]

[Redacted]

71. [Redacted]

72. In March 2022, ANZx launched the first ANZ Plus proposition, made up of an everyday transaction account and a multi-goal savings account accessed via the new ANZ Plus app and supported by ANZ Plus coaches. [Redacted]

[Redacted] the proposition helps customers to do the following things.

- (a) Spend less than they earn with smart in-app informational, rather than transactional, insights, such as:
 - i. a chart showing money in and out across a timeframe that customers can customise;

Restriction of Publication Claimed

- ii. graphics and summaries of customer spend across key categories (such as essentials and lifestyle) and across a timeframe that customers can customise;
 - iii. the ability for customers to add their own tags to filter and group transactions to track their spending (for example, a customer could tag transactions related to an upcoming holiday so they can then search those transactions to determine the total cost of their holiday against their budget); and
 - iv. predictions of expenses that might be coming based on historical transactions to help customers budget for future expenditure.
- (b) Put money aside for a rainy day and save regularly towards their goals with:
- i. tiered interest on the savings account (including the money a customer allocates to any goal in their account) with a competitive rate on balances below \$250,000 [REDACTED]
[REDACTED]
[REDACTED]
 - ii. the ability to set up to 99 savings goals in a single account – the ANZ Plus savings account offers customers the ability to identify up to 99 “goals”, to set target dates for achieving their goal, to allocate their money against a particular goal (including by setting up regular transfers of money to their goals), and to monitor their progress against achieving each goal. For example, a customer might have \$50,000 in their account, and allocate those funds against particular goals, such as “holiday”, “education”, and “new car”. There are also other tools on ANZ Plus which help a customer to understand their financial position better, and to save more, such as real-time spending insights, which allow the customer to see readily where and on what they have spent their money. [REDACTED]
[REDACTED]
[REDACTED]
 - iii. a simplified and reduced fee structure with no monthly account fees on the transaction and savings accounts; [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- (c) Join and bank safely and easily, and protect their identity, personal information and money, with:
- i. verification via photo (selfie) – this enables ANZ to match a customer to their identification document using a selfie taken by the customer, [REDACTED]
[REDACTED]
 - ii. the ability for a customer to cancel, block or temporarily replace their card from the ANZ Plus app [REDACTED]
[REDACTED]

Restriction of Publication Claimed

iii. the ability to set card controls in the ANZ Plus app for a range of transactions
[Redacted]

iv. the ability to dispute a transaction in the ANZ Plus app [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

v. dynamic Card Verification Value (CVV); the CVV is a series of numbers embossed on the back of a debit card which is used to process a transaction conducted online or over the phone; as an additional security feature, the ANZ Plus app delivers a constantly changing CVV to the customer, [Redacted]
[Redacted]

(d) Be supported during their use of ANZ Plus with:

i. simplified terms and conditions [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

ii. coach support [Redacted] to help customers spend less and save more.

73. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

74. [Redacted]
[Redacted]
[Redacted]
[Redacted]

[Redacted]

75. [Redacted]

76. Wave 2 is focussed on helping homeowners who are refinancing, transitioning to a new home, and helping customers with families who are taking on mortgage debt. As part of wave 2, ANZ

Restriction of Publication Claimed

is currently testing propositions on ANZ Plus that will allow customers to refinance their homes using ANZ Plus.

77. [Redacted]

78. [Redacted]

79. [Redacted]

80. [Redacted]

81. [Redacted]

82. [Redacted]

Restriction of Publication Claimed



83. [Redacted]



84. [Redacted]

[Redacted]

85. [Redacted]

Restriction of Publication Claimed

86. [Redacted]

87. [Redacted]
[Redacted]
[Redacted]

[Redacted]

88. [Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

89. [Redacted]
[Redacted]
[Redacted]
[Redacted]

90. [Redacted]

[Redacted]

91. [Redacted]
[Redacted]

G. [Redacted]

92. [Redacted]
[Redacted]

93. [Redacted]

[Redacted]

Restriction of Publication Claimed

94. [Redacted]

95. [Redacted]

H. [Redacted]

96. [Redacted]

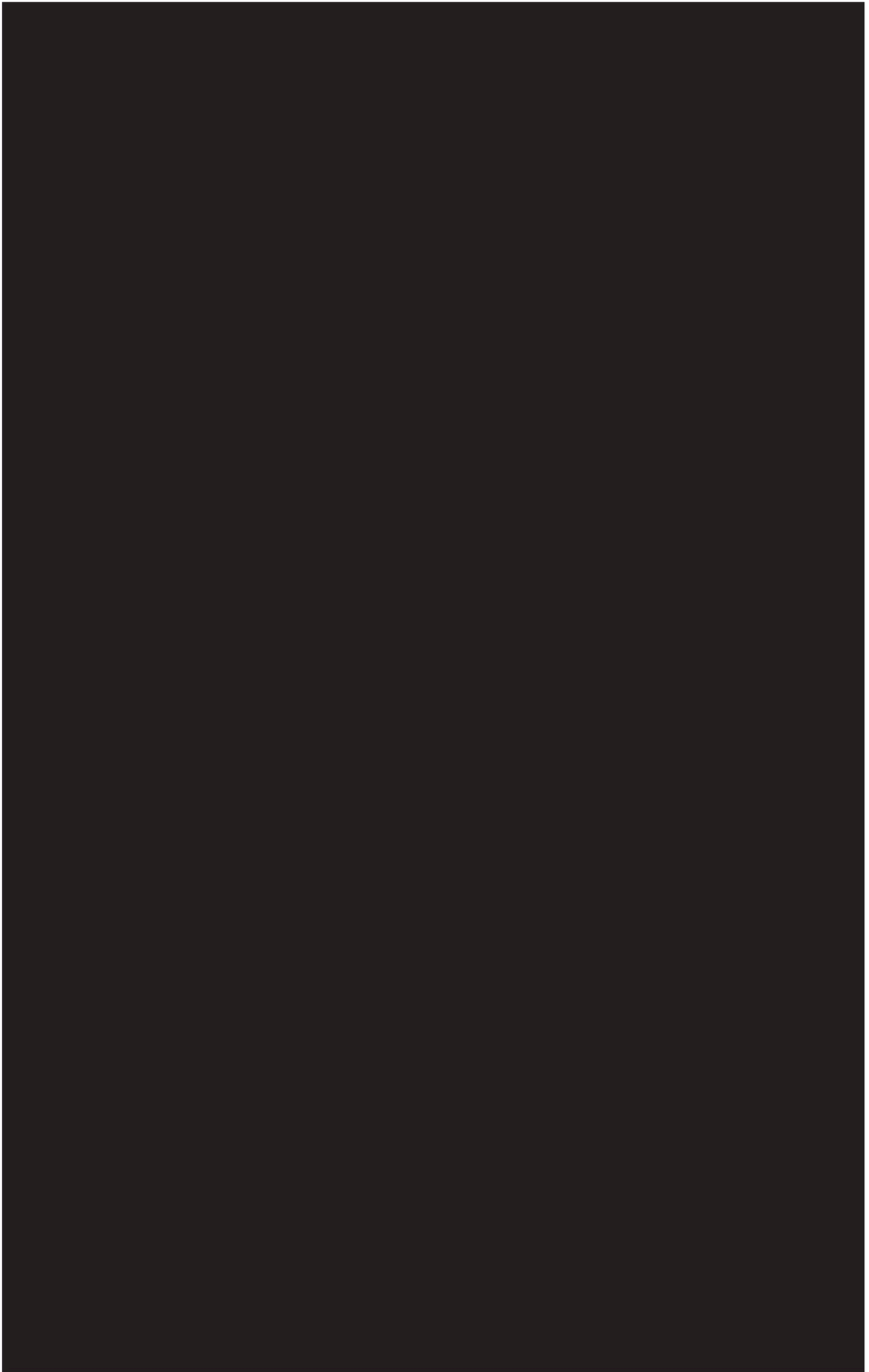
97. [Redacted]

98. [Redacted]

[Redacted]

[Redacted]

[Redacted]



Restriction of Publication Claimed

[REDACTED]

99.

[REDACTED]

[REDACTED]

[REDACTED]

100.

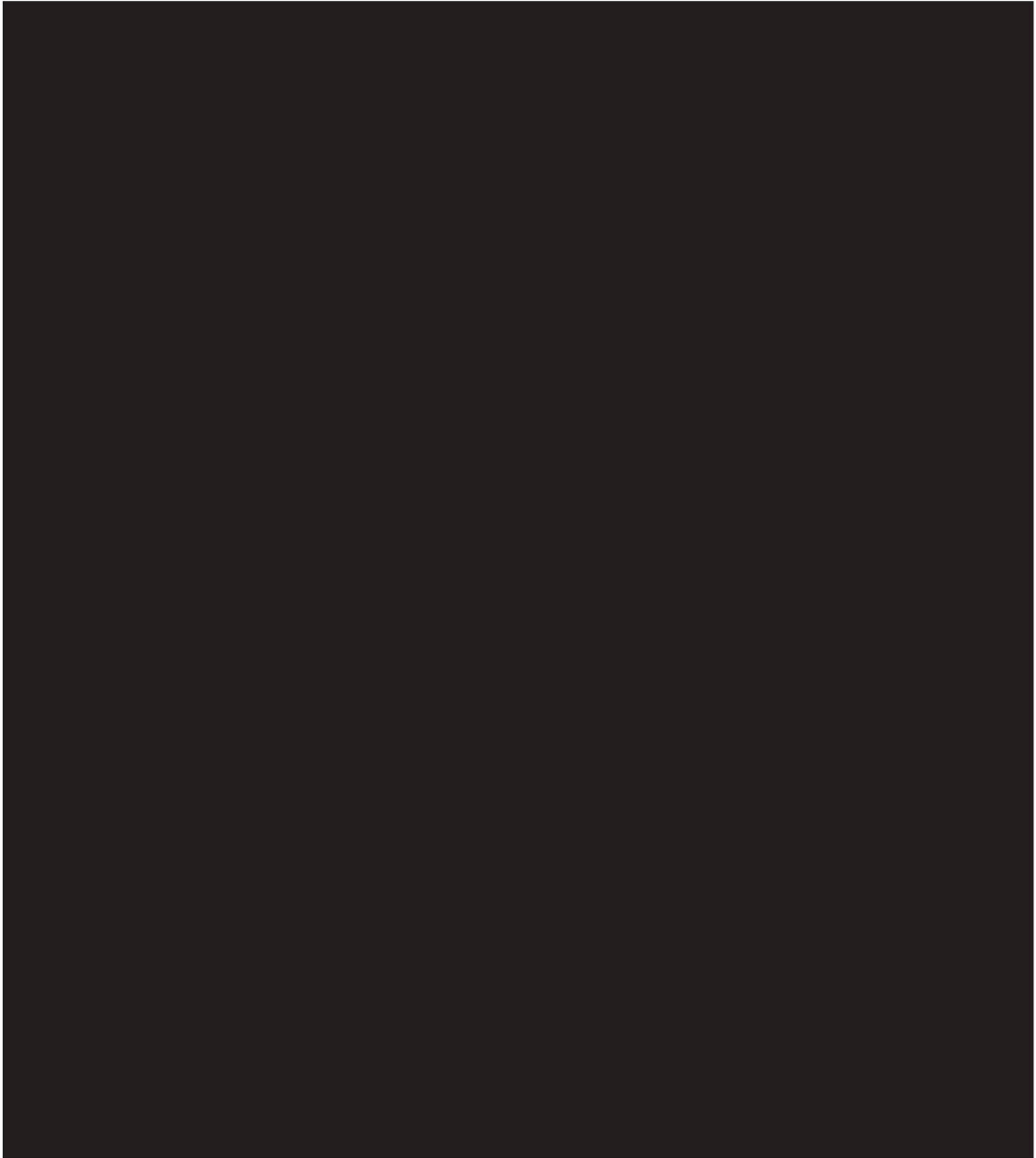
[REDACTED]

[REDACTED]

Restriction of Publication Claimed



101.



Restriction of Publication Claimed



I. [Redacted]

[Redacted]

102. [Redacted]

103. [Redacted]

104. [Redacted]

105. [Redacted]

Restriction of Publication Claimed

[Redacted]

106. [Redacted]

107. [Redacted]

108. [Redacted]

[Redacted]

109. [Redacted]

110. [Redacted]

J. [Redacted]

111. [Redacted]

[Redacted]

Restriction of Publication Claimed

[Redacted]

112. [Redacted]

113. [Redacted]

[Redacted]

114. [Redacted]

[Redacted]

115. [Redacted]

Signed by Peter John Dalton

on 13 December 2022

[Redacted Signature]

Signature of Peter John Dalton