

## Amazon Web Services Summit – 5 April 2017

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**\*\*Check against delivery\*\***

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### Introduction

Thank you Paul for that introduction. It's a treat to be here.

I'd like to start by acknowledging the traditional owners of the land on which we meet, the Gadigal people of the Eora Nation, and pay my respects to their Elders past and present.

The acknowledgment is an important mark of respect for over 40,000 years of endurance and survival, in what we've seen as recently as this week can be a pretty harsh land.

And the topic of survival in a harsh land has been on my mind a lot lately.

It's on my mind because this Saturday the Westpac Group will achieve an amazing milestone.

We'll be turning 200 years of age—Australia's oldest company, and the first Australian company to reach its third century of business.

And the particular question on my mind is *how*: How does a company survive for 200 years? And as CEO what can I and my leadership team do to increase the likelihood of it lasting for another two hundred years?

As I've read the history of Australia, and of this company—what started as the Bank of New South Wales but we now call Westpac—one answer jumps out.

We lasted because we've *adapted*.

We've constantly adapted to changing conditions in an often harsh environment.

So that's what I'd like to talk about today – adapting to the modern world.

And a logical place to start is by acknowledging our hosts today—Amazon, and in particular Amazon Web Services—who more than any of us have actually helped create this modern world we're living in.

Amazon is one of the 'new' companies that is forcing old companies like Westpac to adapt. But the interesting thing is that Amazon—through AWS—is also one of the companies that are *allowing* old companies like Westpac to adapt.

Thanks to the work done by Werner Vogel and his team, AWS has given Westpac the ability to store, process and distribute data around the world, rapidly, at low cost, and at scale. And on top of this they've given us tools that make it easy and cost effective to understand our data better and experiment with new solutions for our customers.

And that's important for banks like ours, because the speed and power of the modern world—unleashed by Werner and others—means we need to adapt or be adapted.

### **Westpac: A company that adapts**

Of course I know that for many of you in this room the words 'bank' and 'old' mean one thing: a juicy target for disruption!

You're probably thinking, 'What are the chances that a big bank would know how to adapt to this modern world', right?

Well my thought for you today is: Think again.

Because the mere fact that we've lasted two hundred years means that the capacity to innovate is in Westpac's DNA. In fact, we like to say that we're the original 200 year old startup.

Part of this is about how we make use of new technology.

The adapting gene is about staying committed to your core purpose, while being willing to adjust your business model to respond to changing conditions.

Our purpose back in 1817 was to help the fledgling economy of New South Wales to thrive.

So we issued the first official banknote, where there was none.

When the gold rush hit in the 1850s, we started by serving our customers out of a calico tent, knee-deep in mud, weighing bits of gold on an old fashioned scale.

But soon we were using the most advanced technology in smelting rooms at the back of our branches—turning nuggets into bars of gold.

We've adapted to societal shifts as well: For example, on the role of women.

We appointed the first female teller, back in 1961. The nation's first female bank manager—in 1978. And of course its first female major bank CEO, Gail Kelly, in 2008. We were also the first major Australian company to provide paid maternity leave.

Each of these announcements was a big deal at the time—but seem obvious today. They were about recognising that society was changing for the better, and for us to stay relevant to our customers, we needed to lead by adapting to that change.

### **Customers – the reason we adapt**

And as we enter our third century of business, this need to adapt has never been more important.

But it isn't innovation for innovation's sake.

It's about adapting in ways that serve our core purpose of helping our customers—and by extension—our nation—to thrive.

Because in my experience, when we focus on what the customer is trying to do, and how we can help solve the customers' problems, we end up being very innovative.

It's that philosophy that led us to install Australian banking's first computer, its first ATM, and its first internet banking platform in 1995. We were also the first bank in the world to allow fingerprint login to

mobile banking on an iPhone, and we were able to achieve it in 3 months thanks to working with AWS.

During this time we've seen a huge shift in the way customers do their banking.

As we made things more convenient, customers rightly demanded even more convenience.

That's why we introduced Quick Zone, which lets customers check their balance and make a transfer without even logging in. And the ability to find and consolidate your lost superannuation with SuperCheck—right from your phone, in a couple minutes, with only a few taps. Try it!

More recently we've been thinking that, as great as these things are, we're still asking the customer to come to our apps when they want to do their banking.

A bit like the old mindset of making them come to a branch.

So now we go to them.

Two weeks ago we launched Westpac Keyboard, which works in messaging apps like Facebook, WhatsApp, and WeChat.

That means that our customers can make payments to their friends, share a cash code that allows cardless cash withdrawals at an ATM, or instantly share their BSB and account number so that their friends can pay them.

It's the first of its kind in Australia, and one of the first in the world. And it's a great example of our commitment to adapting, because we've done it in partnership with a small Israeli startup called PayKey.

### **Adaptation can't be done alone**

Because we know that in the modern world, the speed and size of changes that we face means we can't do it alone.

Yes, we can adopt techniques like customer-centred design and agile sprints to drive change faster. And we're doing that.

But by working with small companies—the disruptive startups—we get the best of both worlds: the creativity, speed, and agility of a startup along with the scale and resources of a major bank.

That's why we set up Reinventure – a \$100 million venture capital fund that invests directly in disruptive start-ups like Data Republic, Coinbase, and Hey You.

And why we're partnering directly with other Fintech companies like PromisePay. Today, PromisePay provides a payments platform for online marketplaces, and over time it will help us extend our product set that we can sell directly into our existing business customer base.

And this partnership is great for PromisePay: Through our customer base, they have a direct path to more than 50% of Australian businesses.

So the opportunities for Westpac to work with startups are great. And we know that by supporting the startup community—through initiatives like Reinventure and Stone & Chalk—we're helping build the next generation of Australian businesses (and hopefully, future Westpac customers).

It's the next stage of adapting.

And it stays true to our core purpose of helping customers: At Westpac we like to say that our goal is to be one of the world's great service companies, helping our customers, communities, and people to prosper and grow.

It's ironic, but it may actually be in the area of service—rather than technology—that companies like Amazon make their greatest contribution.

Amazon says that its vision is to be the world's most customer-centric company.

And its development of technology, including AWS, has always been in service of this goal.

It's a great reminder for all businesses—whether they're two months, two years, or two hundred years old—that what really matters is how you help your customers achieve their goals.



It's why we at Westpac have survived for 200 years.

And why we're excited about working with all of you in this room to help Australia continue to thrive for the next 200 years.

Thanks for listening, and I wish you all a successful and enjoyable conference.