



Australia's First Bank

**Westpac Banking Corporation
2003 Annual General Meeting
1.30pm Thursday, 11 December 2003**

Chief Executive Officer's Address

**David Morgan, Chief Executive Officer,
Westpac Banking Corporation**

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Simple Things But Done Well

Thank you Chairman and good afternoon. I am grateful for the opportunity to address you. The Chairman has outlined some of the progress we are making. I would like talk about what we are doing to drive that progress.

Last year, I described how we intended to revolutionize our customer service. I pointed out that continued financial success largely depended on the quality of our customers' experience with Westpac.

We owed it to both our customers and you, our shareholders, to make service a top priority. We owed it to our staff who share – and suffer – our customers' frustrations. And as I have said, our prosperity depends on it.

The shareholder value link is compelling. Satisfied customers stay longer, buy more services and recommend the company to their friends.

That's why we were determined that our customers should only have to 'Ask Once' to receive the service they require. It was time to move past listening and start acting. This was what our customers were telling us: no more promises, give us results.

The idea is simply said, but quite revolutionary. In fact some think Ask Once is impossibly ambitious. We don't agree and our Annual Report sets out the proof points on our progress.

But even if we start full of admirable intentions, how could anyone be confident that we'll stick at it over the long haul. What's so different this time?

My answer is - just about everything. In fact, we've been hard at work building the foundations for this customer service revolution for the past five years and it is these foundations that will help us succeed.

We've started by rebuilding what we call the Westpac DNA - from the base up. In the same way that human DNA carries each individual's unique and defining information, Westpac's DNA captures the defining characteristics of Westpac – the lifeblood and spirit of our company.

Our DNA defines what we stand for, where we're heading and how we're going to get there. It defines our vision, our values, our strategy, our objectives.

Our vision is to be a great Australasian company, as judged by customers, staff and our shareholders and the broader community.

Customer focus is our strategy and our mission is to be at the forefront for service in our industry by 2005. Weaving through everything we do are our core values of teamwork, integrity and performance.

We strongly believe that the only way to sustainably deliver shareholder value across our businesses is through the service-profit chain. The service-profit chain establishes the relationship between our practices, the commitment of our people, the satisfaction and loyalty displayed by our customers, and the revenue and profit that results.

One can draw a straight line between engaging our people, embedding superior service as second nature, and sustainable profit growth. Where the chain goes the energy goes.

The challenge of course is to maintain the solid progress we're making and make sure the improvements are sustainable. That's the really important point and this is why we have spent so much time on the front end of the service-profit chain – on supporting our staff and lifting their commitment.

In our Staff Perspectives Survey this year, our people told us that they have switched on to Ask Once and the customer experience levels that we aspire to. In fact, they were so engaged that we achieved an 84% response rate in the survey.

Progressive workplace practices and advancing diversity and equity for all have been priorities over recent years. Policies such as paid maternity, paternity and adoption leave; mutual negotiation of work hours; innovative childcare, job sharing and home-based work arrangements, have made Westpac an employer of choice.

Combined with our global leadership in corporate responsibility and the sense of direction we're providing, we have the essential ingredients of a high performance culture.

Stronger support for our service mission means our people feel they're doing worthwhile things. As a result, we are seeing lower turnover in our staff and higher productivity - effort is up, intention to leave is down.

These things translate directly into improved customer service.

Why are we so passionate about investing in improving customer service? Because we turn over about 8% of our customer base every year. Around 65% of those who leave us do so because of the service they have received - or have not received so reducing customer defection has a dramatic impact on revenue and on costs.

Already we are seeing the improvements carry over into improved customer loyalty across our business in Australia. Not only is our market share up but so is the average number of products held by each customer.

We are now improving our position across most segments. In Australia, we are well on the way to being number one for customer service amongst the Australian major banks.

It takes time for improved customer service to be fully reflected in customer satisfaction, but these results give us confidence that our Ask Once and other service initiatives are delivering improvements that our customers value.

Binding all this together is our corporate responsibility agenda and good governance. Customers and staff are attracted to businesses that manage themselves, including their social and environmental impacts on the community, in an ethical and responsible way. Public trust is absolutely critical to both our brand and to improving customer loyalty value in our business.

The proof points are building. Initiatives like: the Ask Once promise; Saturday trading and extended opening hours; customer greeters; and our Business Life and Pay Anyone facilities.

All of these are translating into customer gains and it is these proof points that are, of course, the crucial 'moments of truth' in a customer service business like ours. That's why they have been the basis of the new advertising campaign we launched in September this year.

So in conclusion, we have made real progress in empowering our people, improving customer experience and loyalty, and delivering growth and returns for you, our shareholders.

We know we are not there yet, we know there is still much improvement to come. But we are well on the way and our commitment is stronger than ever.

Thank you for the opportunity to update you on our progress and we look forward to continuing to deliver growth and solid returns for you our shareholders.