

31st Annual General Meeting
Presentation by John McFarlane, CEO

ANZ

Today I am going to talk to you about technology as a foundation for customer service.

Technology is revolutionising the business world

The most valuable company in the world is Microsoft – a software company

Nokia, a mobile telephone company has replaced BP as the largest company in Europe by market value

In Australia, it is Telstra – in telecommunications

Banks, however remain very important to the world and to Australia in particular

5 out of the top 10 companies are financial institutions

But we need to change if we are going to survive and to thrive in this New World

Our customers are more demanding – we need to innovate and improve their experience however they deal with us

Customers want to access the bank in the old way, but also the new, and we need to provide personal service and new electronic services

Our margins are under pressure so we need to cut costs

It is technology that lies at the heart of meeting these demands

For ANZ, this means we must embrace change and join the technological revolution

I would like to tell you today how we intend to do that

But I will say at the outset that we have a very complex business, and linking everything is an enormous task, that we are making good progress in addressing

anz.com

Now we have a new phenomenon – the internet

Which has become the fastest growing method of purchasing goods and services

Is a source of enormous potential shareholder value

The new technology that it brings provides the new way of managing organisations

And of communicating with each other:

Email is now by far the most important communication method within business

Companies are now rolling out web-based systems to provide information to our customers and to our staff

ANZ has embraced this new world and has launched anz.com

For our personal

Business to business

And for internal communications

We are particularly fortunate to have this exclusive brand anz.com

And know it will become very valuable for shareholders

The way we were

In addition to good face to face service, getting our internal systems right, is key to good external customer service

We started the journey towards a new systems foundation some 3 years ago

Although the bank was highly automated each business and country had gone their own way

We had a proliferation of different:

- Hardware manufacturers

- Processing platforms and

- Software

Which made integration virtually impossible

And we couldn't get a single view of our customers

Therefore we needed to re-engineer the whole platform

And to modernise it

Simplifying Core Platforms

The first step was to upgrade and standardise our core platforms.

Last year we:

- Commonised Town and Country and ANZ

- Transferred the New Zealand platform to Australia

- Launched CBS in 15 countries

At the same time as making our systems Y2K compliant

By 2000 we will have:

- One platform for Australia and New Zealand run from Australia

- One core platform internationally

The Internet

In 1999, we initiated a major strategic thrust into technology and the internet with anz.com both for our customers and for ourselves

Personal

In 6 months from scratch we implemented internet banking for our personal customers

anz.com is a very fast and also a very interesting site with information beyond banking tailored to specific customer communities

Most major applications are now available online

We recently launched ANZ E*Trade for online investing

If you haven't logged on already I suggest you do. Those of you who use phone banking are already enabled for the web, with your current password

Business to Business

Also in 1999 we launched ANZ Business Banking online to form FX online for our customers

The potential is enormous

We believe business to business e-commerce will ultimately become a much larger and more profitable business for us than personal internet banking, given our pre-eminent current position with business customers

Max

In 1999 we launched Max – ANZ's site for employees. We are planning for every staff member to have access to Max during

2000

To achieve this we are reviewing all ANZ branches and buildings providing them with greater bandwidth

A key feature of Max is the ANZ stock price

Most staff are now shareholders, and increasing our stock price is a prime strategic objective in addition to improving our customers experience

Directors Online

This year we were the first Australian listed company to conduct our board meetings online

Directors download their papers electronically from a secure Website

They bring their machines to the meetings where we run them from the computer

Several major public companies have since expressed interest in using our system

A single IP network

Today's communications rely on new internet protocols

This gives us the opportunity of flexible communications

By 99 we had IP networks in 25 countries

To 80% of CBD offices in Australia

And close to 100 branches in Australia and NZ

This year we have an enormous agenda on IP and expect our PCs to be running on Windows NT or 2000 across 950 additional sites in Australia and New Zealand with a single network

How does all of this affect our customers?

Personal Customers

Firstly, we have approximately 4 million personal customers across Australia and New Zealand

And another million internationally

And this is the fastest growing business with ANZ

Corporate Customers

We have well over 100,000 corporations and institutional customers,

81,000 in Australia and New Zealand alone

We are generally regarded as the leading business bank in the Country, with Esanda as the number one auto finance company

International Network

Outside Australia and New Zealand, we operate in 39 countries through ANZ and ANZ Grindlays

And only last week added American Samoa making it 40 in all

We reach our customers in changing ways

Branches and Representative Offices

Firstly, we have 961 branches and representative offices in Australia and New Zealand

With 186 additional points internationally

ATMs

We have 1,343 ATMs installed domestically

EFTPOS

And over 48,000 EFTPOS terminals

Phone Banking

We have over 1.7 million phone banking customers

Internet

And around 130,000 registered customers on the internet

Mobile

Recently, we announced our intention to launch internet banking through mobile phones next year

An integrated system

Now I've focused principally on our internal systems, but this is the key to customer service in the future.

All of this will give us a single integrated network with line of sight to each customer with new technology linking our businesses, our customers, our channels and our core systems

This will help us to give a consistent level of service across all channels

And a better experience for our customers

Straight through processing

We will then be able to initiate a transaction:

With any customer

From any location

Through any channel

Electronically, allowing straight through processing

With much better service levels

And lower costs

And improved value for shareholders

anz.com, ANZ

In conclusion, we feel that technology, combined with customer service is the only way forward

We have embraced this new world and are taking a lead in making the necessary investments and changes

And believe that this will help us ensure, that for ANZ, the best is yet to come

Thank you