

Australia and New Zealand Banking Group Limited

Response to Questions on Notice following 5 October 2016 House of Representatives Economics Committee Hearing

Proof Hansard page: 29

Question

Mr HOGAN: Okay. The chair mentioned earlier the bank account switching service. Again, this was brought in to require banks to process requests in five business days. This request has been around for a long time. I understand that, typically, it is taking the major banks, including yourself, over 30 days to process this. Why is this taking so long?

Mr Elliott: My understanding is that when we receive a request, we process it within 24 hours. When a customer of ours asks us to provide information to another bank, we process that within 24 hours. When another bank comes to us, we respond to that within 48 hours. That is our position. We receive around two of those a day.

Mr HOGAN: Are you happy to give us that information? The information that I am getting is that all major banks are taking well over 30 days to do this, and some of the smaller banks are being quicker.

Mr Elliott: I am happy to give you that. That is the information I have. We asked that exact question. We are happy to give you our response but, of course, it takes both sides. It may well be that the customer experience, despite us doing this, is that the net result for them is around 30. But we can certainly give you our response times.

Answer

Account switching occurs in accordance with timeframes set by the Australian Payments Clearing Association (**APCA**).

It involves the following steps for a customer who wishes to move to ANZ. We have set out the APCA timeframes prescribed for each step.

Step	Detail	Timeframe
1	ANZ receives request from customer and then requests 13 months billing history from customer's other banks	Actioned within two days (Internal service level agreement)
2	Other banks respond with 13 month biller history	Actioned within five days (APCA timeframe)
3	If customer's switching instructions are not clear or customer has requested switching list, ANZ will ask the customer to confirm which billers to switch	Subject to customer response
4	If customer has requested all billers to be switched, or upon receipt of nominated billers, ANZ will send a notice of variation to the customer's billers and/or sends notification to other banks to process Customer is also sent copy of the switching list	Actioned with five days (APCA timeframe)
5	Other banks to contact billers	Timeframe subject to other banks (APCA timeframe of three days)

6	Billers actions update to records	Timeframe subject to billers
---	-----------------------------------	------------------------------

If a customer were to request to leave ANZ, ANZ would follow steps 2 and 5.

Based on the APCA timeframes, and depending on customer and biller response times, it is possible that the end-to-end process of a customer switching accounts could take a number of days.

ANZ works to process switching requests within the APCA timeframes. Set out below are the number of requests received and response times over last 6 months:

Months	Volumes			Within APCA Timeframe
	New to Bank Customer Requests	Number of Billers to be Notified	Customers Switching to Other Financial Institutions	Target of 95%
April	24	90	39	94%
May	18	122	80	87%
June	17	77	58	96%
July	12	78	49	93%
August	12	83	44	91%
September	11	71	35	90%

The range of options for managing payments and accounts will be increased by the New Payment Platform (NPP) which will 'go live' in late 2017. The NPP is 'open access' and intended to promote payments competition. It will allow consumers to make real time payments using phone numbers or email addresses, instead of account numbers.

A planned NPP 'addressing' capability will allow customers to register their phone number and or email in a central database so that others can pay to the phone number or email address. The central database will supply the customers BSB and Account number to the payment for routing purposes.

A customer changing banks will be able to notify their new bank so that their 'addresses' held in the database can be updated and be redirected to their new BSB and Account number. In this way, existing arranged payments from third parties to the customer will be able to be automatically redirected.

The estimated cost of the NPP is over \$1bn, around three quarters of which has been funded by the major banks.