

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF AUSTRALIA'S FOUR MAJOR BANKS

ANZ

ANZ06QW: Branch closures

- a. What factors are taken into account when deciding how many and which bank branches to close?
- b. Does the bank consider the proportion of customers at the branch using online/digital banking?
- c. Does the bank take into account how many people in the area rely on interactions in the branch for non-transactional purposes?
- d. Does the bank's overarching efforts to reach net zero emissions factor into decisions around bank closures?
- e. Please provide a time series for the past 10 years of how many banks have been closed (and opened – i.e. for a net figure), broken down by metro, regional and rural.
- f. How many regional and rural areas are you aware of where your bank is the only branch presence?
- g. Did any of your branch closures result in no branch presence at all after the closure?
- h. ANZ is the only one of the big four banks that does not provide banking services through Australia Post. Why is this the case?

Answer: a., b. & c.

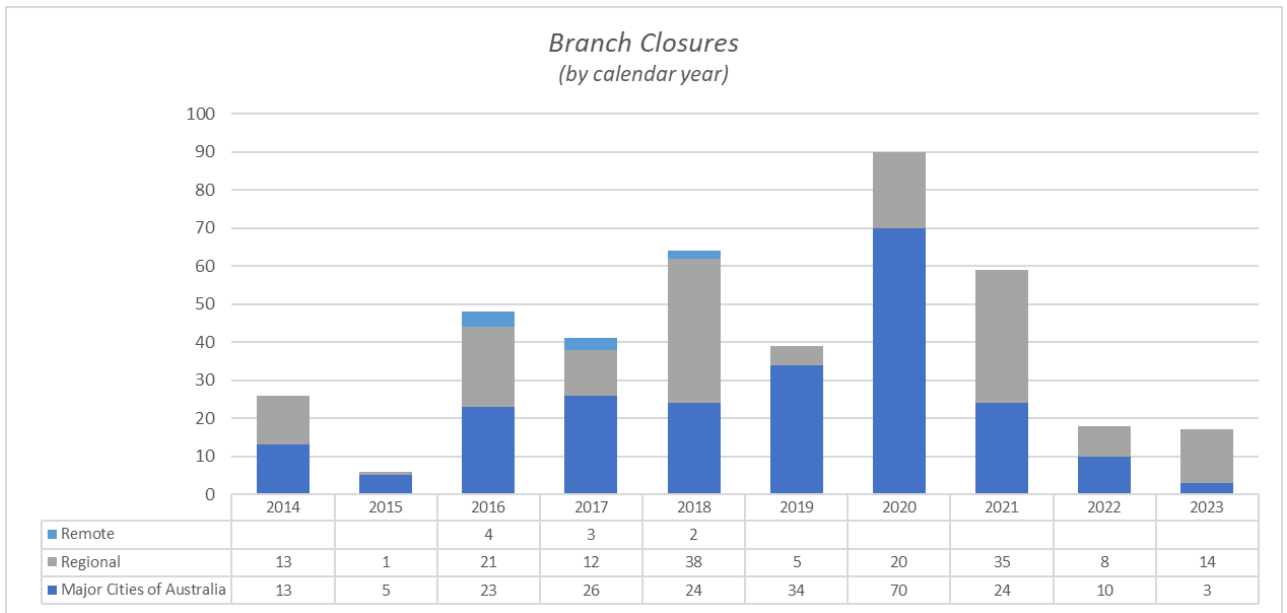
Closing a branch is never a decision taken lightly and we carefully consider a number of factors. This includes analysing (often over a long period of time) how many consumer and business customers are visiting a branch, how they're using it – including the volume of transactions – and what alternative banking options are available for customers.

As part of this analysis, we look at customer behaviour data, including whether customers are transacting from their nearest regional hub or centre – and how many branch customers are regularly using ATMs, phone or digital banking (e.g. the ANZ App and Internet Banking).

We also consider the number of new home loans and deposit accounts established through a branch to help us understand the level of other 'non-transaction' interactions in that branch.

- d. Carbon emissions are not considered in a decision to close a branch.

e.



Note: Figures are as at branch closure date. The closure may have been announced in the prior year (eg the 14 regional closures in 2023 were announced in 2022).

ANZ classifies branch locations as remote, regional and major cities of Australia in accordance with [ABS guidelines](#).

Remote: Branches classified as remote Australia and very remote Australia under ABS guidelines.

Regional: Branches classified as inner regional Australia and outer regional Australia under ABS guidelines.

Major Cities of Australia: Branches classified as major cities of Australia under ABS guidelines.

- f. There are 11 locations in Australia in regional and remote areas where ANZ's branch or agency is the only branch or agency presence.
- g. Since 2014, 16 branch closures resulted in no bank branch presence within 20km by road of the closed branch after the closure.
- h. We have strived, but not yet been successful, in reaching a fair and proportionate agreement with Australia Post to use the Bank@Post services.

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ANZ

ANZ08QW: The Hayne Royal Commission recommended a national farm debt mediation scheme.

- a. What is ANZ's view on the implementation of the national farm debt mediation scheme?
- b. What role should ANZ play in progressing this?

Answer: ANZ has eight principles that it follows when managing business lending to family farming customers in financial distress and requiring the management of our Lending Services team (Australia).

These principles are publicly available at:

<https://www.anz.com.au/business/industries/agribusiness/farm-debt-mediation-commitment/>

Under these principles, we support a national farm debt mediation scheme and will always offer farm debt mediation prior to enforcement action being taken.

A national scheme would ensure that all farmers have access to farm debt mediation and would provide a harmonised and consistent process for entities operating across multiple jurisdictions.

We welcome the opportunity to engage with Government should it elect to progress a scheme.

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ANZ

ANZ09QW: Of the big four banks, I understand that ANZ is the only one whose directors do not meet informally with shareholders after annual general meetings. Is this the case and, if so, is it ANZ's policy not to do so?

Answer: ANZ directors have traditionally met informally with shareholders on the day of the annual general meeting post the close of the meeting and look forward to continuing to do so. Unfortunately, there have recently been occasions when the meeting has concluded late and directors have needed to depart the meeting venue to catch flights that cannot be moved.

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ANZ

ANZ10QW: Fraudulent activities

- a. How many scammers have been found to hold host accounts with your bank and its subsidiaries in the past 12 months?
- b. When an account sends money to a new payee, does your bank check if that payee has ever received money from any other accounts? If not, why not?
- c. In November 2022, ANZ knew that scammers were impersonating ANZ through SMS spoofing, why didn't ANZ notify its customers by SMS that the service was compromised?
- d. If you knew that your text message communications were being impersonated, do you believe that you took all steps necessary to protect your customers from fraud?

Answer:

- a. In the 12 months ending 30 September 2023, our customer protection team investigated approximately 6,000 accounts which potentially received scam proceeds. Of the approximately 6,000 accounts investigated around 800 were identified as involving an account holder who may have been complicit in the scam. We report these to authorities as appropriate and the Australian Financial Crimes Exchange's (AFCX).

It is important to be aware that while some account holders may be complicit in the scam, in other cases the account holder has sold their account to a criminal or is themselves a scam victim who may have unwittingly shared details or received and moved scam proceeds.

- b. When we receive an instruction from a customer to pay money to a new payee using one of the payment methods below, our systems check if the payee is known to ANZ (including whether it is a high risk payee with reports of fraud or scams against the biller, merchant or account).
 - BPay
 - Debit and credit cards
 - International money transfers
 - New payments platform.
- c. We note that when a scammer uses SMS spoofing to impersonate ANZ, this does not involve ANZ's systems being compromised. We refer to Ms Halls' testimony on this issue at page 7 of the [Proof Committee Hansard transcript](#) of the Review of Australia's four major banks on 12 July 2023.

We seek to make customers aware of possible scams by publishing warnings across our social media and trusted banking

channels. For example, we published scam alerts on the ANZ App and Internet Banking about ANZ Impersonation scams in December 2022 and January 2023.

We also put notices on our website warning customers to be vigilant of common scams including scams using fake ANZ SMS messages.

We do not warn customers about SMS impersonation scams via SMS because it can lead to confusion as customers may not know which SMS to trust.

- d. We recognise the important part we play in helping to protect customers from fraud and scams, including bank impersonation scams.

We have a range of measures in place to protect our customers from fraud and scams, including our Fraud Detection Teams and systems which operate 24 hours a day, 7 days a week and identify thousands of suspicious transactions every day.

We review our scams and fraud prevention settings daily, as sophisticated scammers frequently change or amend their methodologies.

We are continually reviewing and adjusting our capabilities to keep customers safe. In the last twelve months, our people and our systems have stopped more than \$100 million going to criminals. Our investment in new technologies is critical as we continue to work to protect our customers and the community from fraud and scams. Additional measures introduced recently include:

- The deployment of more than 170 new sophisticated algorithms and other biometrics capabilities that have helped prevent customer funds being sent to cybercriminals.
- A significant investment in a new capability using AI and Machine Learning technology designed to detect accounts being used to receive funds from scam victims. Known as 'mule accounts', ANZ's pilot of this technology detected nearly 1400 high risk accounts since April 2023.
- Preventing payments being made to particular high risk cryptocurrency platforms and introducing new holds and delays to certain high risk payment types and destinations.
- Working with the major telcos to activate the Do Not Originate (DNO) service that blocks calls using spoofed ANZ numbers that do not originate from ANZ and to put in place measures that stop scammers from adopting the "ANZ" label in text messages, to mitigate ANZ impersonation scams.

The new measures are in addition to capabilities introduced in the last 12 months, which have seen:

- Progressive rollout of biometrics capabilities allowing ANZ to identify anomalies in usual payment processes and

account opening to better protect customers from fraud and minimise security risks.

- The removal of approximately 150 phishing sites per month with most of these sites taken down on the same day as reported / detected.
- Adoption of the AFCX Fraud Reporting Exchange (FRX) platform – a centralised system that offers near real-time reporting and actioning of fraud and scam recoveries, while providing greater efficiency and timely communications between institutions for stronger scam prevention and recoveries, where possible.

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ANZ

ANZ11QW: In an Australian Financial Complaints Authority (AFCA) letter, dated 3 July 2023, related to a customer complaint about scam activity:

- a. AFCA notes ANZ's claim that the bank 'does not have an obligation to maintain watching briefs for scams'. Why do you believe that you don't have a duty to protect your customers' money by maintaining watching briefs on scams?
- b. AFCA states that the 'bank is only required to take steps to prevent a scam if it has "special knowledge"* of what was occurring or is alerted to a real possibility of fraud taking place.' Please provide examples of when ANZ has had special knowledge of a scam occurring and what action ANZ took?
- c. AFCA states that to keep to accepted standards of good industry practice, 'the bank must not ignore known facts pointing to a real possibility their customer is being defrauded'. If you knew that your SMS service was being impersonated, how did you maintain accepted standards of good industry practice in Mr Trefry's case (as raised during the hearing on 12 July 2023)?

*Special knowledge is where the bank knew, or should reasonably have known, the transfers were being made to a scammer.

Answer:

- a. In its determinations, AFCA often sets out its views on the obligations of banks under the law, codes of conduct or good industry practice, including its expectations about the actions banks are and are not required to take. ANZ's comment (which was included in the AFCA letter) reflected a view expressed by AFCA in a number of AFCA determinations.

ANZ's approach to detecting and preventing scam activities is not determined only by reference to our legal obligations or the views expressed in AFCA determinations.

We refer to Ms Halls' testimony at page 7 of the [Proof Committee Hansard transcript](#) of the Review of Australia's four major banks on 12 July 2023 extracted below.

...we very much feel that we need to take all kinds of measures to try and prevent scams, because we know scams are a significant scourge on Australian consumers and business as well. We can talk later to some of the specifics we're putting in place. Certainly we're not sitting idle. We're very conscious of the threat that scams present to our customers. We have teams of hundreds of people whose role, using both manual systems and artificial technology, is to try to identify and flag transactions as they come through.

We also refer to our response to part d. of question ANZ10QW describing measures we have taken to combat scams.

- b. There are many examples where AFCA takes the view that a bank has special knowledge of what is occurring in the context, or is alerted to a real possibility of, a fraud or scam taking place.

Examples include:

- Where the circumstances of the bank's interaction with the customer indicates the customer is likely to be the victim of a scam (this occurs more often in the context of over-the-counter transactions)
- Where the Australian Securities and Investment Commission alerts us that a named account holder is associated with a fraud or scam.

In such cases we may take a range of measures including quarantining the transaction and contacting the customer to confirm the legitimacy of the payment instruction.

- c. It's not appropriate for ANZ to talk about the individual circumstances of this case.

However, we note that ANZ takes steps to help customers avoid being impacted by bank impersonation scams. We refer to our response to part c. of question ANZ10QW describing measures we take to warn customers of ANZ impersonation scams.

Unfortunately, due to the nature of bank impersonation scams, in some cases we will not have received any 'special notice' and are not otherwise aware prior to the scam occurring that a particular account has been impacted.

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ANZ

ANZ12QW: In [April 2023](#) the Australian Competition and Consumer Commission (ACCC) called on businesses 'to be vigilant and implement effective monitoring and intervention processes to prevent scammers using their services and stop them when they do'.

- a. What has the bank done since April 2023 in response to the ACCC's calls?
- b. Do you think it is appropriate for AFCA to continue to say banks do not have a duty to monitor transactions (as in the above referenced letter), when the ACCC has called for action from key sectors like banks?

Answer:

- a. We refer to our response to part d. of question ANZ10QW.
- b. It is not appropriate for us to comment on the approach taken by AFCA, as an independent external dispute resolution body, to these matters.

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ANZ

- ANZ13QW:** Since the Economics Committee's public hearings in July 2023, consumer groups have repeated their calls for a mandatory code requiring banks to refund funds lost to scammers in certain circumstances.
- a. Has ANZ considered the implementation of a voluntary code for refunds prior to, or since, the public hearings?
 - b. If so, why has ANZ not implemented a voluntary code for refunds?

Answer:

ANZ has reviewed the UK Lending Standards Board Contingent Reimbursement Model Code and considered developments in the UK concerning scams.

We do not think introducing a similar code in Australia will stop scams.

Australia needs a whole of society approach to scams. This is why we will continue to work on this with the banking and other industries (like telcos and social media), regulators and the government.

We note the Government has announced its intention to introduce new codes of practice setting out the obligations on banks, telecommunications companies and social media platforms to prevent and detect scams.

We are also working with the Australian Banking Association to develop potential industry initiatives to prevent, detect, disrupt and respond to scams, pursuant to the Australian Competition and Consumer Commission interim authorisation.

In the meantime, we continue to consider what appropriate measures we can put in place at ANZ to address scams and to engage with individual customers who lose money through scams, including reimbursement where this is appropriate.

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ANZ

ANZ14QW: When considering lending to businesses who are seeking loans to develop renewable energy projects, such as wind and solar fields, throughout each proposal's construction, operable lifetime and end of life remediation, do you consider the:

- a. environmental impact?
- b. impact on wildlife?
- c. health impacts on residents in close proximity to each proposal?

Answer: ANZ has established policies and tools to ensure that social and environmental issues and risks are evaluated when considering lending to businesses involved in activities such as renewable energy. This includes:

- Our social and environmental risk policy and accompanying 'sensitive sector' requirements for energy, extractive industries, forestry and forests, military equipment, hydroelectric power and water customers
- A social and environmental risk screening tool used to help assess these risks for all significant new business transactions and annually thereafter
- Where ANZ directly finances a 'project', the Equator Principles are applicable. The Equator Principles are a risk management framework for determining, assessing and managing social and environmental risks in major projects, such as mines, windfarms and pipelines. They provide a minimum standard for due diligence and monitoring to support responsible decision-making.

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ANZ

ANZ15QW: Assessing lending for renewable energy projects

- a. Do you consider the carbon footprint in the manufacture and disposal of solar panels and wind turbines when assessing the suitability of a renewable energy project?
- b. Do you investigate the source of rare earth minerals used to manufacture solar panels, wind turbines and batteries (used in electric vehicles and commercial and domestic energy storage)— taking into account potential abuses of human rights and child labour practices, which are commonplace in many developing nations— when lending to renewable energy projects which utilise solar energy?

Answer:

- a. ANZ undertakes a climate change risk assessment that is aligned with [TCFD](#) Climate Physical Risk and Climate Transition Risk categories (including scope 1 and 2 emissions) for all project financing (including renewable energy projects).
- b. The risk of modern slavery in renewable energy component supply chains is a significant consideration for ANZ when assessing renewable energy project financing. ANZ assesses this risk by analysing the commitment, capability, and capacity of the major component suppliers to manage this risk (including their public Modern Slavery Statements). ANZ also requires that the risk of modern slavery be appropriately assessed in technical due diligence reports prepared by credible third party consultants for each renewable energy project financing.

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ANZ

ANZ16QW: Project Investment

- a. Have you invested, or considered investing in, the proposed 'Sun Cable' project in northern Australia and/or the Chalumbin Wind Farm project? If so, was any consideration given to the long-term impact that such a large-scale project would have on the local ecosystem?
- b. Have you invested, or would you consider investing in, projects to build out high-voltage transmission lines across Australia, in response to the retirement of fossil fuel power stations? If so, has an assessment been made on the ecological impact of these projects and what was the outcome?
- c. Do you apply the same rigorous standards used to review applications for investment in proposals utilising fossil fuel to renewable energy projects?

Answer:

- a. We do not typically disclose details of our involvement with specific projects. We refer to our response to ANZ14QW and ANZ15QW for a description of the assessments we undertake concerning renewable energy projects.
- b. ANZ has provided financing to projects that increase high voltage transmission capacity in Australia. We refer to our response to ANZ14QW and ANZ15QW for a description of the assessments we undertake concerning these projects. We do not typically disclose details of assessment outcomes concerning specific projects.
- c. We evaluate all transactions (whether financing fossil fuel or renewable energy projects) under a common risk management framework that incorporates assessment of various risks including credit risk, market risk, operational risk and social and environmental risks.