ANZ heralds Apple advantage in payments

Exclusive Link has brought big advantages, says bank.

Paul Smith

ANZ Banking Group’s top technology executive has claimed its decision to move ahead of its big four rivals with Apple Pay has led to big advantages in both customer and skilled staff acquisition as it seeks to position itself as a bank that operates like a tech giant.

Speaking with The Australian Financial Review after addressing a Trans Tasman Business Circle lunch event in Sydney on Friday, ANZ’s group technology executive, Gerard Florian, said he was surprised that none of the other big four banks had sacrificed a slice of payment revenue to sign on with Apple Pay, and that ANZ was delighted it took the plunge in April 2016.

Mr Florian said the adoption of Apple Pay into ANZ’s offering had been its first step in introducing a new agile way of working across the bank’s divisions, which represented a big change in approving and delivering projects more rapidly, and had made ANZ a more attractive employer in a competitive market for tech skills.

He said the methods used to quickly deploy Apple Pay had led to the bank being able to speedily offer Samsung and Android Pay when they became available and that 750,000 cards had now been loaded into one or more of these digital wallets.

It is understood that Apple Pay represents the vast majority of that 750,000.

“Like our competitors we wanted to avoid introducing an additional party, that is the phone manufacturer, who’d naturally lay claim to a portion of that income stream, but if customers are telling us they want Apple Pay, why are we stopping them?” Mr Florian said.

“The impact in the market is quite clear and as a result of that it reinforces our reasoning in making the decision and I am surprised at anyone deciding not to move as quickly as the market is asking.”

In addition to the number of existing customers signing up to use Apple Pay, Mr Florian said ANZ was crediting it as being a key factor in customers opening new accounts. The bank also found that 89,000 customers it described as “disengaged” had added their ANZ card to a digital wallet and begun transacting again.

In recent times ANZ has been making a concerted effort to ditch its former reputation as a tech laggard, in comparison to its big four rivals.

It is not the only one of the big banks attempting to use consumer-facing technology as a way of demonstrating its tech stripes to a new generation of potential customers. Earlier this year, Westpac was the first to introduce wearable payments devices, which ANZ recently followed through a partnership with Fitbit.

However, Mr Florian said the internal shift to “agile” working was a genuine change, which was taken seriously across the organisation.

ANZ’s digital banking boss, Maile Carnegie, took home more pay than chief executive Shayne Elliott in 2016-17, and one of its senior technology executives recently spoke about an internal restructure of teams across the organisation aimed at making it work faster, in the manner of a start-up.

Mr Florian said the bank had changed its approach to investment to incorporate tech-led initiatives that iterated rather than got delivered in a big bang. This meant its budgets were allocated on a rolling view over six quarters, rather than trying to assign initiatives to the rigid confines of an annual cycle.

“The days of three-year mega projects in technology are almost gone. These 90-day ‘sprints’ give us a much better chance of ensuring that our investment capital is directed towards the areas of greatest value,” he said.

“It is important that it is not just the technology department working independently, but others throughout the organisation, differently, because the whole business can be viewed like cogs in a watch. If you have some cogs spinning at a high velocity and then others going slower, there is going to be friction when they meet and sparks will fly.”

As part of its internal shift Mr Florian said the bank had adopted new ways of redeploying staff into new roles, which encouraged workers to nominate for new positions, so that technologists could apply for business roles and vice versa.

This includes so-called “digital interviews” where candidates submit a video response to a set of questions, and Mr Florian said numerous candidates had already been appointed in roles that would have previously been seen as incongruous.

However, he said there was a growing problem with a shortage of skills across the industry, and was concerned that traditional education was leaving graduates without the right skills for the modern workplace.

“As our children head off to work in this fast, smart and connected world, with its inexorable and increasing rate of change, is it wise to spend five, six or more years studying to get a double degree before starting a career?” he said.

“We discuss at the executive committee about how industry can get involved in a more integrated approach to learning... There is no question that people need a formal education, but they also need a blend of practical learning as they go.”

Mr Florian said the rapid developments in the use of technology meant it was increasingly important that students were not removed from the workforce for excessive periods, potentially learning about methods that were already becoming outdated.

He said that while universities
remained important, he viewed TAFE as an under-estimated area for developing potential employees with valuable skills.

"Not everyone needs to go and get a degree ... they certainly don't need to go and get a double degree," Mr Florian said.

"You think about areas in short supply like cyber security, data analytics and coders for mobile applications and I don't believe that everyone that is going to work in that area needs to begin with a full Bachelor of Science to get started."

**I am surprised at anyone deciding not to move as quickly as the market is asking.**

Gerard Florian, ANZ

Gerard Florian says the impact of Apple Pay in the market is quite clear.