

Voices you don't usually hear from

Episode 1 - Bright sparks with big ideas Transcript

March 2017

Male voice 1	It's not simply like here comes a cheque, it's simply what can we do for each other to enhance the community. We've actually got a partner now that not only sees what we do and believes in what we do, but actively participates in what we do.
Female voice	I think they're looking for better ways to engage with community and have a bigger effect.
Male voice 2	It's a no brainer, all you need to do is just bank, nothing different just bank and all the benefits are there for the whole community so it's just fantastic.
Lauren Andrews	Believe it or not these people are talking about a bank. Which bank? Well it's Bendigo Bank actually. And the company is driven by the belief that if it helps to make its customers and the communities they live in successful, then and only then, will their own business success follow. Acclaimed Harvard academic, Mark Kramer, has been studying the Bendigo's approach.
Mark Kramer	Bendigo Bank is a great example of Shared Value because in the Community Banks, Bendigo has developed a model that really tightly links the success of the Bank and the success of the community. It's partly the way it brings people together to create the capital and leadership for the local bank branch. It's partly the reinvestment in the community of a portion of the profits, and it's partly simply the mindset and strategy of the company that keeps them very close to understanding the needs and opportunities in those communities.
Lauren Andrews	Bendigo MD Mike Hirst says the Bank's strategy often raises eyebrows...
Mike Hirst	This strategy for us has been around for a long time and to some degree its uniqueness has been considered odd. But you see now with what the banking industry is doing around Better Banking and the list of things that they intend to do to meet the expectations of the community- they're things that we've been doing for a long time.

<p>Lauren Andrews</p>	<p>Former Bendigo Chief Rob Hunt, is the architect of the Bank’s unique Community Banking model. He claims some companies have lost sight of the role they should play in society, which has led to a breakdown in trust.</p>
<p>Rob Hunt</p>	<p>A bank is in an enormously privileged position. It’s licenced by government to carry out its role and its role is to ensure that both credit- effectively capital moves to productive activity. And that goes to every market and so the role is enormously privileged and therefor with that privilege comes some responsibility. And the banks that are really going to appeal to customers in the future are going to be those that are feeding into prosperity not off it. I’m not sure that is actually how it’s playing out today. And yet certainly if you look at the history of Bendigo, Bendigo was born of community for community.</p>
<p>Lauren Andrews</p>	<p>Hirst agrees that having a trusted brand is one of the Bank’s biggest assets.</p>
<p>Mike Hirst</p>	<p>In this day and age people want to know that the organisations they’re dealing with are dealing with them on an honest basis, and for the benefit of everybody in the community and that’s something that we want to ensure happens.</p>
<p>Lauren Andrews</p>	<p>The differentiator for the Bank is its connection to community. There are now more than 310 Community Banks operating Australia-wide. Each of these communities is able to tap into a sustainable revenue stream that empowers people to transform the places they live in. Mike Hirst again...</p>
<p>Mike Hirst</p>	<p>The model is that the local community form a company that’s a widely held company in their community, they raise capital to establish and run a branch until they get to profitability and they share the revenue that’s generated through that branch 50/50 with us. That’s enabled us to put around \$160 million back into communities over the last 15 years, and that numbers growing at about \$20 million a year. So it’s a significant contribution to community. When you have a look at all of those communities as one all of a sudden you’ve got a network, a nationally operated network, that is probably the most locally connected, nationally operated network in Australia.</p>
<p>Lauren Andrews</p>	<p>And Rob Hunts sees these empowered, connected communities being better placed to forge partnerships with government.</p>
<p>Rob Hunt</p>	<p>If the community has their own cash in, they’ve got their level of collaboration and commitment gone in, they’ve got their planning right, they’ve got a commercial partner that they can test that with, and they’ve got a lot more certainty about the level of their financial contribution – that’s a vastly</p>

	<p>improved type of proposal that government gets. Government gets proposals that are all worthy, but at the end of the day government can't do everything so what community needs to do is make the more compelling case and I don't think there's a better or more compelling case than when you can demonstrate that you've got your act together, you've got your proposals ready, investor ready and if it's not government there could be other investors who will join the community to build that particular asset on the balance sheet.</p>
<p>Lauren Andrews</p>	<p>But the Bendigo is currently competing on an uneven playing field, that if rectified could accelerate its contribution back to Australian communities.</p>
<p>Mike Hirst</p>	<p>Today there isn't a level playing field in banking because of the prudential regulation and the fact that the major banks who are on the advanced accreditation model only have to hold a fraction of the capital we have to, to make the same loan. If that can get evened out then what that provides customers with is choice, because they'll have everybody operating at a very competitive price, building their businesses and generating the capital internally to allow that to happen so that the offering that's made to customers is a lot closer across the different institutions. When that occurs I am prepared to put our value proposition, our customer service, what we do in communities, in front of anybody else's in terms of winning customer business. The more customer business we win, the more goes back into community, the more the connected network opportunity exists.</p>
<p>Lauren Andrews</p>	<p>In our next episode we visit the first two Community Bank sites, to see how the simple act of banking has transformed these communities.</p>

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