

Press Release

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**The International Excellence in Retail Financial Services Awards 2011**

***Commonwealth Bank of Australia (CBA) wins three awards—Best Retail Bank in Asia Pacific, Best Retail Bank in Australia and Best Consumer Lending***

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- ***CBA's outstanding performance is driven by strong mortgage income and its revitalised consumer finance business.***
- ***Over 170 banks and financial institutions from 29 countries across the Asia Pacific, the Middle East, Central Asia and Africa were evaluated as part of the International Excellence in Retail Financial Services programme.***

**Singapore, March 11<sup>th</sup> 2011**—CBA won three awards, Best Retail Bank in Asia Pacific, Best Retail Bank in Australia and Best Consumer Lending at the 10<sup>th</sup> International Excellence in Retail Financial Services Awards Programme. The bank received the awards at The International Excellence in Retail Financial Services 2011 Awards ceremony, held in conjunction with the region's most prestigious retail banking event, the Excellence in Retail Financial Services Convention. The ceremony was held at the Shangri La Hotel in Kuala Lumpur on March 11<sup>th</sup> 2011.

About 150 senior bankers from award-winning banks in 29 countries across the Asia Pacific, the Middle East, Central Asia and Africa attended the glittering event that recognises their efforts in bringing superior products and services to their customers.

The awards programme, administered by The Asian Banker and refereed by prominent global bankers, consultants and academics, is the most prestigious of its kind.

A stringent three-month evaluation process based on a balanced and transparent scorecard used to determine the winners and the positions of various retail banks in the region is attached.

***CBA wins three awards—Best Retail Bank in Asia Pacific, Best Retail Bank in Australia and Best Consumer Lending.***

CBA has been named the Best Retail Bank in Asia Pacific maintaining this position for the second consecutive year against strong competitors such as Australia And New Zealand Bank and HSBC Hong Kong. The bank saw healthy growth across a number of key indicators such as retail deposits—by over 5%, and retail assets—by over 3%. The bank maintained its premier market share in retail deposits and continued to maintain a significant lead ahead of its closest competitor. In terms of profitability the bank expanded its top line by \$235m (+3.7%) to \$6,528m in the calendar year 2010. Retail profits grew

by \$327m (+16%) to \$2,375m. Although one of its Australian peers was more profitable, CBA outshone this peer in the category for “Sustainability”, as it managed to reduce its cost to income ratio below 40% in 2010—a remarkable threshold in retail banking. The bank managed to maintain its high sustainability despite a declining fee income, which caused an uproar among the Australian public over high fees in the banking system. As banks started to crop fees, others were forced to follow.

Of great importance to the bank is its core banking modernisation programme. Now half way through, the bank has migrated over 10 million customer accounts. The bank offers its customers “real time” banking, meaning that transactions are immediately visible online or on the mobile phone. This also means that the bank can offer instant account opening and gives it the capability to price and target offers down to the individual customer level.

CBA also displayed the highest scores in the category “Process, Technology and Efficiency”. The bank introduced a new online identification process that allows customers to be fully identified, complete their account application and secure their account number within 10 minutes. Furthermore the bank streamlined its home valuation system by introducing simplified screens, reducing the number of valuation types and adopting an online workflow management approach. This resulted in lower error rates and improved turn-around times.

Chris Kapfer, head of Asian Banker Research, said: “I believe CBA’s new core banking system will provide the bank with the necessary technology infrastructure to further strengthen its excellence in sales and customer experience as well as operational efficiency.”

***CBA’s outstanding performance is driven by strong mortgage income and its revitalised consumer finance business.***

CBA’s personal lending business underwent a huge transformation in 2009–2010. Greater public visibility and the launch of business and process re-engineering initiative “Project NOW” began in February 2009, offering centralised loan fulfilment which allows customers to apply for and fund a loan from home. This was followed by process modifications to allow contract issuance at the approval stage, improving conversion rates and reducing turn-around time, as well as improvements to verification requirements. This has helped CBA expand its market share in the business while decreasing its costs.

Chris Kapfer, head of Asian Banker Research, states: “CBA’s considerable improvement in turn-around time, an excellent strategy for future growth and risk management, as well as the diversification of channels and strong cost management proved to be the best choice for the award.”

In addition to process improvements and marketing, a large scale education and engagement programme with the branch network helped to improve focus on personal loans. Improvements in credit risk management, such as fine-tuned scorecards to improve approval rates and predictability of customer quality, as well as changes to the decision-making cell ensured that decisions are more consistent with the scorecard and improved customer satisfaction and transparency.

**Over 170 banks in 29 countries across Asia, and this year for the first time Africa, were evaluated as part of The International Excellence in Retail Financial Services Programme.**

“This year over 170 banks and financial institutions in 29 countries across Asia were evaluated as part of The Excellence in Retail Financial Services Programme in what has become the most prestigious, comprehensive and anticipated awards programme that recognises the pursuit of excellence amongst retail financial institutions anywhere in the world today” said Philippe Paillart, chairman of The International Excellence in Retail Financial Services Programme. He added: “It is amazing to see the rapid development of the retail financial services industry every year, and to experience the narrowing gap between mature and emerging market banks in terms of operational efficiency and technology.”

The transparent award evaluation process uses a balanced scorecard approach and a comprehensive methodology to evaluate the strength of individual banks’ retail banking businesses that involve extensive research and probing interviews, and taps the combined experience of a team of experienced researchers.

Paillart, formerly vice chairman and CEO of DBS Bank and a pioneer in the retail banking industry in the Asia Pacific region, elaborated: “The Asian Banker Excellence Programme was instituted in 2001 on the premise that an outstanding player in the retail financial services industry should build business franchises that are sustainable, competitive and profitable over a period of time. To stay abreast of the rapidly growing geographic scope of the programme, The Asian Banker has renamed the awards ‘The International Retail Financial Services Awards’ in 2011.”

**About The Asian Banker**

The Asian Banker is the region’s most authoritative provider of strategic business intelligence to the financial services community. The Singapore-based company has offices in Singapore, Malaysia, Hong Kong and Shanghai as well as representatives in London, New York and San Francisco. It has a business model that revolves around three core business lines: publications, research services and forums. The company’s website is [www.theasianbanker.com](http://www.theasianbanker.com)

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