

# Keeping the Customer SATISFIED

With an unheard-of customer satisfaction rating of 94 per cent, leading customer-owned bank bankmecu is investing in its customers and staff.

Images by Estelle Judah Photography

**T**he customer is at the core of bankmecu's philosophy, services, and systems. As Australia's first and one of the strongest customer-owned banks, bankmecu has undergone a radical transformation in recent years under the leadership of Managing Director Damien Walsh.

*The CEO Magazine* met with Damien to discuss bankmecu's unique approach to customer service, staff engagement, and innovation.

***The CEO Magazine:*** You've spent over 24 years in the mutual banking sector. What made you dedicate your career to that sector?

**Damien:** I've dedicated my life to that sector! For me, it was an alignment of values, in terms of wanting to work in an industry that had the customer at the centre of the business model and an industry that can actually make a real difference in people's lives.

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**What do you think have been the major milestones for bankmecu since you became MD in September 2011?**

We were Australia's first customer-owned bank. It happened on the day that I became the managing director, so it's a milestone that I'll always remember.

I think what's been really exciting is that we've undertaken a brand revamp, we've invested in new technologies like a smartphone application, we've rebranded our website and our business so it's fresher, younger, and has a more vibrant look and feel. We've been targeting a younger demographic with some success, given 66 per cent of all our new customers are aged under 40.

**What prompted that brand revamp?**

We really needed a brand revamp for a couple of reasons. One was adopting the bank designation, and with it the slight variation to our name with bankmecu. It was also

important that we revamp the brand so we could position it more strongly in the market to be attractive to a younger demographic as well as encouraging greater diversity in our customer base—not just age, but also background, gender, and location—connecting with both regional and metropolitan Australia. We have really been focusing on increasing the diversity of our clients in Victoria and across Australia.

**Do you think you've been successful in diversifying your client base?**

Yes. I love walking into our branches now because I see a different clientele, people from the social sector and people who've come from all different walks of life. It's visible; you can actually see that change in demographic occurring in our branches.

**How have you shaped the culture at bankmecu?**

That's a great one because I just spent all last week out with my >



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staff in the interstate offices. The thing about the culture in this organisation is that while management is visible and out in the business, it's actually the staff who carry the culture. They uphold the values of the organisation, and they're the ones who are representing those values in the marketplace. Our staff members are great guides for developing and supporting our culture.

**How would you describe the culture there? What are the key pillars of it?**

I think it has a really strong customer-service focus. We understand that the customer is central to the business model and that we're here to serve their needs. Our staff are the owners of the business, as are the customers, so that's unique. A cooperative ownership model allows our customers who are the owners of the business to benefit from our capacity to re-invest in the

business and to invest in our staff, systems, and services.

It's interesting because we do regular research with our customers and we always come up with a customer satisfaction rating of around 93 per cent. Recently, we've been coming up independently in the Roy Morgan Research of customer satisfaction and we've been getting around the same figures of 93 to 94 per cent customer satisfaction—that's outstanding. And to achieve and maintain it over a long time is a real testament to our staff's commitment to the success of the organisation.

**As a customer-owned bank, what unique challenges do you face? How have you evolved to meet those challenges?**

I think getting our name and our brand out there is really challenging because when you're a small bank you don't have the financial resources to advertise

in mainstream media, particularly metropolitan television and radio. It's about using social media and the internet to get your message, brand, value proposition, and your products and services out there. The internet is a fantastic leveller; it certainly enables us to spread the word about our business.

**How do you work with suppliers and strategic partners to achieve success?**

We work with a number of partners around innovation, particularly with Cuscal, our payments provider. We're currently rolling out a pilot of a near field contact sticker on mobile phones, which allows for contactless payments. We have 100 customers now involved in the pilot project.

We also partner with Data Action, the provider of our core banking system and third-party products and services and the host of

our secure environment IT infrastructure. We've been doing innovative work with them as well. This year, we relaunched our online lending module, giving us a seamless process for online lending from application to approval, and executing contracts online.

**The banking industry has been dramatically affected by technological change. How have you stayed at the forefront of that change?**

We definitely have to keep investing in technology, but because we're small we believe it's really important that we partner with organisations. Cuscal and Data Action are owned by other small customer-owned banking institutions, so we are in fact collaborating with our peers.

**Do you have corporate social responsibility initiatives that you put in place?**

One thing I wanted to touch on is our sustainability positioning, in particular our Conservation Landbank made up of properties that we own in the West Wimmera region of Victoria. These are marginal farmlands that we've acquired to revegetate with the native flora and fauna. We also use them to offset the carbon emissions that result from the car loans that we finance. It's also about providing biodiversity offsets for the new housing builds that we have financed.

We also put 4 per cent of our after-tax profits into supporting civil society and social enterprise in the community sector. In the past two years, we've contributed \$1.1 million each year to supporting projects and organisations that build strength and resilience in local communities, that invest in areas like education, science, and innovation, and that provide opportunities for people to develop their local communities.



**Where do you see the industry and bankmecu going in the future?**

We have a fantastic opportunity to build and grow. I think there are opportunities for customer-owned banking institutions to step up into that mid-tier regional bank space. With organisations like the Bank of Melbourne, Bankwest, and St George Bank being acquired by the major banks, I think there's a real opportunity for customer-owned banking institutions like ourselves to fill that void in the market.

**Do you think there are fewer independent players?**

Yes. There's a real concentration of ownership in the four major banks. They're dominating the market with an 80 to 90 per cent home-loan market share, so it's really important that smaller, independent organisations have a voice.

That's one of the reasons why we're a member of the Global Alliance for Banking on Values. This is a network of small, independent banks around the globe that are using finance to deliver sustainable development. They're very much aligned to our positioning in the market. We actually hosted the Global Alliance's Conference in March

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- Damien Walsh

this year in Melbourne. This was a fantastic opportunity to create some momentum in Australia for this different approach to banking.

**Do you find you get a lot of innovation and new ideas from those kinds of partnerships?**

Yes. The Global Alliance is a really important one because they are small financial institutions from around the world. They're in markets where they're all competing with larger players. There is great value in sharing ideas and concepts around how to position yourself and compete profitably in your respective markets.

**How do you think bankmecu is going to compete against the big four banks in the future?**

I think we have a unique value proposition. We are the only Australian bank that positions itself around responsible banking. I think if people are looking for choice or an alternative in the market, our value proposition is very strong. Our pricing and our competitiveness on our products and services is excellent, and our customer service is excellent. If people are looking for a values-based business where the values of the organisation are aligned with those of the customers, then we provide a real, meaningful alternative. ●



Gain the advantage

The advantage of partnering with Cuscal is that we make payments processing easier, faster and more secure. As a leading payments specialist we already do this for more than 90 Australian financial institutions. The way we do this is by combining service excellence with the latest technology. To find out more call Madeline O'Connor, Head of Cards, Payments & Fraud, on +61 2 8299 9167.



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