

Banking on SGE

As SGE Credit Union transitions to a new name and image, the longstanding financial services provider will rely on quality staff and service.

Images by Scott Ehler

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A comprehensive, innovative rebranding process will see SGE Credit Union transform its brand and image in the financial services sector. *The CEO Magazine* spoke to Dave Taylor, CEO of SGE Credit Union, about the company's transformation and its key relationships with its staff and partners.

***The CEO Magazine:* What prompted you to transition to a new brand and bank image?**

Dave: Our aim is to develop a brand that's more accessible to a younger audience, while at the same time emphasising the benefits of our 'mutual banking' model. Credit unions and mutuals are different because they're owned by their members. There's a very proud history behind credit unions, and the people who use them love them. Unfortunately, in research we've found that many people don't know what a credit union is or what it does. For years, the credit union sector has struggled with this dilemma. It was only two years ago that former treasurer Wayne Swan

changed legislation so that credit unions and mutuals could use the word 'bank'—we weren't allowed to before.

Our decision to rebrand as a mutual bank was made around eight months ago after several of the larger credit unions had chosen that same path. There's no doubt that the term 'bank' is better understood than the term 'credit union', but our challenge is to re-position ourselves as a different sort of bank—one that is owned by its customers and operates solely for their benefit.

We also needed to develop a brand that better reflected the broadening of our membership base. The original name, State Government Employees, was made into the acronym SGE before my time. The trouble was that the association remained, and it implied exclusivity and limited access when there is no limited access.

We needed a new name, a more generic name, and given the movement that was already occurring towards 'mutual bank', we felt now was the right time for SGE to follow that path. We hope

to be able to announce our new name in the coming months. The new name will also be better suited to accommodate mergers with other credit unions. Whenever you have merger discussions, the proposed name of the amalgamated organisation is always a sensitive topic, so we've worked very hard to create a generic name that positions us for a broader market, creates potential for future mergers, and doesn't clash with any other name.

What lessons have you learned in your 25 years in the finance industry, and how have you applied them to SGE?

In every one of my roles, success always comes back to the quality of your people. I can sit here now reflecting on our achievements at SGE, and am proud to say that the team we built is what has got us to where we are today. SGE was one of the worst-performing credit unions four years ago and now it's one of the best. We're now well positioned for further growth as seen by last calendar year's lending flows, where SGE recorded the highest loan growth in the sector—higher than any of the other major, >



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regional, or mutual banks. That didn't occur by accident. It's an accumulation of a whole lot of things that we've been working on, but particularly as a result of the quality of our staff and the strong leadership from our board.

I think a key role of any CEO is to be able to lead and unite those talented people to work as a team. You see a lot of CEOs, in that older model, who are quite dictatorial; there are still lots of them today. But it simply doesn't work and you get people off-side and factions developing. We really try hard at SGE to make sure everyone understands that it's a collaborative environment. We want new ideas and constructive criticism and debate because that's the best way to find the right result.

We've also got an incredibly diverse workforce. We've got good gender balance with high female participation across the senior levels of management. If you look at our executive and senior management teams, they have a great blend of skills and are really dedicated to what we're building here at SGE.

Beyond gender diversity, it's quite amazing when you go through our staff and see how many backgrounds, cultures, and languages we have. I think that diversity also helps generate a productive outcome. You've got people coming at things with different ideas and approaches all the time.

My attitude towards recruitment has always been focused on recruiting people based on their personal qualities. Yes, you've got to have the necessary technical skills for the role, but it's really about assessing their aptitude for judgement. Working in this environment, on just about every

"Our partnership with SGE is a dynamic journey of investment across a range of payment-processing services. Our collaboration is focused on member and customer outcomes. We find SGE executive team's commitment to quality and professionalism among the sector's best." - John Tait, Managing Director, First Data in Australia and New Zealand



issue that we have to deal with, the major banks are dealing with as well. New legislation, global economic challenges, new fraud issues, new mobile banking applications—everyone's dealing with the same challenges. But the major banks have got thousands of people and we've got a relative handful. To succeed in this game, you need to identify people who are happy to get their hands dirty, can make the right judgements when it counts, and can work in a pretty constantly challenging environment.

How do you form collaborative and cooperative partnerships with external suppliers and partners?

At any credit union or business of our size, you've got to get the right people, and you also have to realise what you can do and what you can't do yourselves. You have to identify the components where you need to engage external experts and set up collaborative partnerships. A lot of credit unions struggle with this and don't always make the right strategic investments or partnership choices. All of our partners have been chosen carefully to meet our needs.

ClearView is now one of the largest independent financial planning groups in Australia, and we chose them because of their independence and because they were prepared to work cooperatively with us. We approached several possible 'wealth management' providers and said we wanted someone who could construct products and services that suit our members, visit their workplaces, handle all licensing requirements, and

basically work with us on pitching products to our members. ClearView has been fantastic in all of that. They work with several other credit unions as well. Financial planning is a product set that you've got to have. We want to be able to offer our members any product that they could get at a major bank.

I could talk to you for hours about First Data. The real area where banking is getting complex is in payments, whether that's on your card, phone, or internet. If you're going to have any chance of capturing the younger generation, let alone retaining the older generation, you've got to be up to speed with all the latest payment technologies. People need to be able to make payments anytime and anywhere. Most major banks develop and own their payments technology. We don't have the scale to make such massive investments, so we need to choose expert and trusted partners to handle all of our payments architecture.

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What is in store for SGE in the future?

It really is a very exciting time for SGE. We've just moved into our new and improved head office and for the first time have been able to bring all of our back-office functions, as well as our call centre, under the one roof. We're also working through the final stages of our rebranding process, and all going well we'll be ready to launch the new name later in the year. It's really important, as we go through this rebranding process, that we only pursue incremental change. That's where you get into strife, trying to achieve too much too quickly. >



Certainly, we are looking to broaden our operations in some new areas. We're looking at setting up two new branches in hospitals. They're new branch outlets at a time when some banks would prefer to close branches. At SGE, our 55-year history has all been about providing trusted and personalised service to members, whether at their workplace or at home. We will be reinforcing this differentiation in our new tagline. The focus will be on serving government employees and other communities of interest, including selected regional communities. We will be keeping that link with the credit union's historical origins through our connections to large government workplaces and hospitals.

We're also hoping that our rebranding will give us some more attractiveness in a broader market, particularly to the younger generation. We have an older demographic at the moment, and a lot of younger people simply don't understand what a credit union is. They will understand what a bank is. But we also think the younger generation will be attracted to the sense of ownership that comes from banking with a mutual. As part of that pitch to the younger generation, we're doing a lot of work on our digital channels. That's something we're working on with First Data.

Once the rebranding has settled in, we'd then like to explore possible merger partnerships with like-minded organisations. We've had preliminary discussions with several potential merger partners and are hopeful of progress on that front within the next two years. We also expect a further increase in our organic business growth because of the rebranding.

Potential mergers are likely to be with credit unions that are smaller than us who may ultimately get to the point where they see benefit in an amalgamation.

The overall market is pretty challenging. You've got four very large banks that can afford to under-price loans to keep a customer. We'll do that with discretion; but if we under-priced every loan, or if any credit union did, then we wouldn't have a business. You've got to do it carefully. It's really about making sure that people don't use us exclusively for price. You've got to be around the mark, but it's really about personalised service, not price. It's about the way we deal with members when they need us most—perhaps when they get into financial difficulty or are dealing with difficult personal circumstances. That's when credit unions and mutual banks really make their members feel comforted and special. That's the 'mutual' difference! •

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"ClearView has been providing quality financial planning advice to SGE Credit Union members for over 10 years. We value our continued partnership and are committed to delivering simple and effective life-insurance and wealth-management solutions for members." - Simon Swanson, Managing Director, ClearView



A partnership that shares a clear vision

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