

Simplified SOLUTIONS

With zero shareholders, the Greater Building Society's number one priority is its customers. Its aim is to simplify the banking process for them while also serving the broader needs of the community.

Images courtesy of the Greater Building Society

Scott Morgan's transition into the role of CEO with the Greater Building Society last September was an unusual one. He had been with the company for roughly seven years and was principally the Chief Risk Officer (CRO)—a newly created position that facilitated the effective governance of significant threats and related opportunities.

"There is not a lot of this type of transition—from CRO to CEO—that I am aware of out there at the moment, particularly in the banking space," Scott explains, "although certainly the position of CRO has gained some significance within the sector, as you would expect given the nature of the business.

"From my perspective, I think it provides a really good platform for shifting into the CEO role for a couple of reasons. First, as the CEO and the leader of a business's strategy, you are really trying to enable the company to manage its

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way through uncertainty and risk. A large part of strategy formulation and implementation is identifying those uncertainties and some of those risks that face your business. Then you have to respond to them. So certainly I think that coming from a risk management background prepares you well in that regard, in terms of having a good grasp and understanding of uncertainty, and particularly strategic risk within the business.

"Probably the other strength of coming from a CRO background is that the CRO role is quite advantageous in that you really do get exposure to the whole business. You are forced to engage and challenge the business across all of its broader lines. It gives you very good exposure to all parts that you perhaps wouldn't get if you were sitting in a very specific executive line."

Evidently, thanks to his experience as CRO, Scott's preparation in the lead-up to taking on the CEO position was abundant. He is now

settled into the role, and his attention is focused on how he can improve the solid foundation that already exists at the Greater Building Society and how he can set it up for a successful future.

The first thing Scott did was look at the business's value proposition and at what gives it a point of difference in the market. He discovered that its strengths were its people and the service it provides.

"We also looked at what was going on in the marketplace more broadly and recognised that a lot of businesses had shifted to aggregation-style models. A lot of institutions are using referral or broker-type arrangements to derive their businesses, and probably, to some degree, by doing that they are creating a separation between their own business and the end customer. That is something we are not a big fan of. From our perspective, we are not pursuing that broker-based aggregation model because we feel that it >



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probably doesn't give us a chance to deliver what we think is our real core strength, and that is around the development of relationships with customers and providing a proper service to customers."

The Greater Building Society is focused on the premise of straightforward banking. Its philosophy is to eliminate all of the trickiness surrounding finance and to present customers with a long-term view rather than a quick fix, which can become complicated over time. Scott says an example of this is all of the competition around fixed rates in the marketplace at the moment. "In many cases, those fixed rates don't revert back to the most competitive variable rate at the back end. That is not necessarily delivering any competitive advantage, and I think people are becoming sick of it."

Scott goes on to say that people don't want to be mucked around or tricked; they want to be given a straightforward proposition that makes the process of getting a loan or saving as easy as possible. The Greater Building Society is always upfront and transparent when delivering its services.

Furthermore, the banking environment is changing rapidly at the moment, and most of that is being driven by technological disruption. Customers want to deal with businesses in new and different ways because they are time poor. They demand convenience, personalised attention, and a one-stop-shop solution.

"It is constantly being reinforced that people should always pursue a better deal and should be making sure they are getting an appropriate service," Scott says. "They are becoming more educated to that fact. They really do want that quick, confident service and a resolution to their problems. We have got to have the right skills and the right expertise

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to deliver that to them. So for an organisation like ourselves, we have to refine and develop the way we get to our customers."

The Greater Building Society is traditionally a branch-serviced model that distributes its products via its offices. Moving forward, Scott recognises that customers' demands are changing. Nowadays, they want to be able to access the business through other means such as the internet and mobile phones, areas that the Greater Building Society is focusing on. It is looking to develop a much broader omnichannel offering

that will enable it to more effectively reach its customers, deliver what they need, and provide a more comprehensive banking experience.

"We have to be much more progressive as an organisation," Scott says. "We have to embrace some of the technological disruption that's occurring at the moment; but by the same token, in many respects, some of the technology solutions at the moment are probably not the more difficult aspects of what we do. There are a lot of technology providers out there who are very keen to support us around the technology side of things. >

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- Damian Hicks, NSW State Manager, Retail Distribution, Allianz

“The bigger challenge for us is probably at a core capability level within the business to deliver the change that the market is looking for around the abilities of our people, the structure of the business, and refining our processes to better match what our customers are looking for. Once we have done that, then we can move on to focusing more on new technologies. That is very much an immediate focus.

“In terms of the development of our strategy, certainly one of the cornerstones at the moment is to develop our view of what everybody is talking about—that is, the omnichannel solution. We are looking at how we can deliver that omnichannel experience to our customers from a people perspective, from a process perspective, in terms of how we service them, and then ultimately from a technology perspective.”

To deliver this omnichannel experience, Scott says, the Greater

Building Society needs to invest more in its people capabilities. One of his key strategic priorities at the moment is to develop and advance the company’s employees in order to help the business become much more agile and responsive to the innovation and change that is currently occurring in the marketplace.

With the fast-paced rate at which the finance industry is moving and the market challenges forced on businesses such as the Greater Building Society, Scott foresees that there could be potential benefits from embracing collaborations in the future. “I think certainly at the moment, as a result of disruption and some of the pressures that are occurring, we probably need to look to other organisations that are facing similar scale- or innovation-related pressures and see whether there are opportunities for us to engage more closely. This would probably deliver mutual benefits to both businesses.

“Collaboration is certainly a very topical area within the mutual space. There has been a lot of talk for quite some time around the fact that, as organisations compete with the four very large and powerful major banks, we have massive disadvantages in relation to our scale and size. That certainly does pose some challenges. From a collaboration viewpoint, a lot of the conversation has unfortunately been more focused around merger and acquisition-type activity, and a lot of the smaller guys probably need to accept the fact that they aren’t going to be around forever and will ultimately shift to be a part of the bigger guys.

“I think that has probably not been beneficial for the industry more broadly. As an industry, we are a very independent bunch of organisations. Ultimately, with that kind of talk, I just don’t think that it facilitates good conversations around collaboration in a broader sense. I think moving forward we need to be prepared to entertain



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collaboration as an industry, and in doing so probably accept that not all potential partnerships that we look at will always provide equal benefits to both parties.

“I think if we get really hung up in terms of exactly what party is getting what out of each collaboration and whether we are getting our share, then we will never collaborate on anything. I think there are also a lot of opportunities for us to collaborate outside of our industry.”

The Greater Building Society recognises that it plays a vital role within the community, and therefore it has pledged a commitment to social responsibility. It established the Greater Charitable Foundation, funded from its profits, in 2011. The building society also provides significant support to other community organisations and events, including grassroots

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initiatives that support families and don’t always attract big funding through sponsorship and donations. Beneficiaries include the Hunter Track Classic and other regional New South Wales running events, the Hunter and Central Coast academies of sport, Newcastle’s Italian Film Festival, The Salvation Army, Autism Spectrum Australia, the Cerebral Palsy Alliance, the Hunter Medical Research Institute, and the Starlight Children’s Foundation.

“Every time a funding round comes up, there are so many organisations that we would love to support, but are unfortunately unable to. So as an organisation we are quite conscious and focused in terms of trying to shift the money around a little bit. We seek to find new and worthy causes and support them as much as we possibly can, but it is always a really hard decision.

“One of the more recent things that we have invested money into is grassroots netball, because we recognise that within the community it’s a sport that gives a lot to the broader regions in which we operate. It doesn’t really have that broader financial support that a lot of other sports do, so that is an area where we’ve come in and seen that we can play a role to give back.

“Obviously, we are a community-based business that is effectively owned by our customers and our communities. As a result, in terms of how we look to demonstrate to the community the values that we can provide, a lot of that is shown through how we reinvest and give back to the community and support it in a number of areas. We help charitable organisations and initiatives directly through sponsorships and donations. We are supporting our members and the wider community.” •