

Genuinely Fairer Banking

Images courtesy of ME Bank



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Incorporating team sport values and breakthrough technology, CEO Jamie McPhee is helping ME Bank become a high-performance organisation.

CEO of ME Bank Jamie McPhee understands the importance of empowering staff to drive customer-centricity. He has been instrumental in the cultural and technological changes that are developing in one of our country's authentic alternatives to the major four banks. He discusses his journey to ME Bank's top seat and how the company shifted from a rules-based organisation to one that is built on and governed by values.

The CEO Magazine: What is your professional background leading up to and including your current position at ME Bank?

Jamie: I did a civil engineering degree at the University of Adelaide and, when I completed my last exam, people were talking about who they were going to work for. When they asked me, I realised I didn't know who I was going to work for—but I knew what I wasn't going to do, and that was engineering. So I enrolled to do law, but instead went to the UK after my degree and played cricket. Prior to that, I had captained the Australian under-19 cricket side, which had people in it like Steve Waugh, Mark Waugh, Mark Taylor, and Craig McDermott. While I was in London playing cricket, I started working for a merchant bank and

loved it. I stayed in the UK for 18 months and then came back to Adelaide.

I joined what was then the Co-op Building Society in the treasury department, which became Adelaide Bank. After working across a range of roles within the bank, I became the managing director in November 2006. Adelaide Bank merged with Bendigo in late 2007 and, as part of that merger, Rob Hunt, who had been managing director of Bendigo Bank for about 20 years, became the ongoing managing director of the merged company. I left Bendigo and Adelaide Bank in February 2010 to join ME Bank. I've been in banking for more than 25 years now.

Throughout your time with ME Bank, what have been some of the greatest challenges you've had to face?

There have probably been two main ones. The first one comes down to what I would call the execution capability of an organisation. I would rather have an average strategy with great execution capability over a great strategy with little execution capability—it's all about the people.

When I joined ME Bank, I felt it was a very rules-based organisation, and I'm a great believer that you should lead

through values, so we set up five core values for the organisation and made them our focus. We needed to be a values-based organisation, giving people the opportunity to lead through values rather than manage through rules. Of our leaders in the organisation now, two thirds have joined the company in the past couple of years. That has been quite a significant cultural journey for the business and has been a key challenge for me in the first three years.

I have a simple view that the quality of decision-making actually reflects the quality of the discussion and the debate. Ensuring quality of discussion and debate means having the right people contributing to the discussion. One of our five values is 'empowered to challenge'. That might seem like a bit of a strange value when you've got the typical values like integrity, performance, teamwork, and respect, but 'empowered to challenge' means making sure people feel they can speak up and contribute to the discussion. That, in my view, empowers the whole organisation; you get a much-improved quality of decision-making. It's very much about the people, the cultural change, and the execution capability.

The second major challenge was our technology. ME Bank is >



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"ME Bank has a fundamentally different philosophy and is very much a customer-centric model. I know every organisation says that, but I believe only a few companies truly live that."

- Jamie McPhee

funds. All the benefits go back to members; it isn't a shareholder-based focus, and it was a lower-cost, commission-free model. This whole philosophy of genuinely fairer banking is just in our DNA; it's where the organisation has come from.

On that point, I haven't had to instil any of that through the organisation because that's just who we are. The focus for me in terms of values has really been about what I spoke of earlier: empowering people to build up our execution capability and lead through values rather than managing through rules. ME Bank has a fundamentally different philosophy and is very much a customer-centric model. I know every organisation says that, but I believe only a few companies truly live that.

In a 2011 interview, you mentioned the bank's aim to focus on business clients. How has that strategy worked out for the organisation?

We basically have two target markets, which are the members of industry super funds, providing their personal banking needs, and the employers who use the industry super funds for their super. Rather than call it business banking, we call it employer banking because it is targeted to those employer organisations.

We need to further build the employer banking capability to provide a superior customer-value proposition. For us to build that value proposition, it's fundamentally dependent on our technology, so we need to get our new core technology in place in 12 months time. Consequently, to actually be able to offer what we'd like to offer is still some way down the track. That being said, what we currently offer is business deposits, financing, and leasing, and we're exploring moving back into the commercial lending space. Our aspiration is to have a really strong employer banking proposition, which is probably still two years away. >

operating off two core systems, with part of the customer base residing in one system and part of the customer base in the other. This makes it very difficult to have a single view of our customers, inhibiting us in becoming a customer-centric, nimble, and innovative organisation.

We're on a four-year journey to replace our core banking platform, and we've selected the Temenos T24 as our core banking platform, which will be deployed in 12 months time. The good news is, as we speak today, the project is actually ahead of schedule, and on budget. We've kept the scope pretty tight, but it will deliver all

benefits plus a little bit more, so we're pretty excited about that.

What are your company's main values and how have you instilled them into the corporate culture?

ME Bank stands for something fundamentally different: providing genuinely fairer banking. If you look at the history of ME Bank, Super Member Home Loans was established in 1994 as an entity that was founded by the industry super funds. The industry super funds were set up to provide a more dignified retirement for working Australians, with a sole focus on the members of the



It's all about ME

GFG Group has partnered with ME Bank for over 10 years and during that time our card management solution has enabled the bank to deploy new products to market, enhance the features available in existing products, and meet ME Bank's goal of delivering a fairer banking alternative to customers.

GFG Group is a leading global provider of innovative consumer electronic payments solutions and services to banks, mobile network operators and third party processors. We've been in the business for over 20 years and we've learned that a large part of success is about people. It's about hiring and working with industry experts who know their payments. And it's about building and maintaining long-lasting, trust-based relationships with our like-minded customers – by providing solutions that address our customers' needs.

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marketplace and really communicate and connect with the market as to what we stand for. We think we've got a terrific opportunity out there, and there are obviously some key challenges—but we are optimistic.

Who or what have been your biggest influences or inspirations in terms of management and leadership?

I think I've been lucky to have some great coaches and mentors throughout my career. One of the big influences comes from playing a lot of team sports as a kid, which finished up with me captaining the Australian under-19 team, and I played football for Sturt in South Australia. I think being involved in sport and teams means you get shaped early on in life to realise that you can't do things as an individual, but you have to do it as part of a team. That has certainly shaped a lot of my thinking.

When I was at Adelaide Bank, when GE entered the Australian market in mortgages, we actually processed all GE's mortgages. Jack Welch was still CEO at the time, so we got quite ingrained with GE and got a lot of exposure to the GE culture and the Jack Welch philosophy. That whole GE experience shaped a lot of my thinking.

In relation to building leadership capability within organisations, I have been lucky enough to be involved with Graham Winter. Graham has written a number of business books, such as *The Business Athlete* and *Think One Team*. His philosophy is about how you build high-performance organisations. He was one of the psychologists on the Australian Olympic team, particularly when the Australian swim team came from nothing to become a really strong team. I've used Graham for 13 years, and he's been a pretty strong influence on the way I try to build a high-performance culture here at ME Bank. •

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How does ME Bank collaborate with its strategic partners to achieve success?

We have an aspiration to build the best digital banking capability in this digital era, really enabling people to interact with the bank through their device of choice, anytime and anywhere. Obviously, what you're seeing is a dramatic increase in people banking via mobile and online, and the new technology that we're deploying will facilitate this. The fact is we can't do this alone; we have limited resources, so we can only do this through partnerships.

We're working really hard to develop great partnerships, and we've got a number of partners who are assisting us in building our vision. When I talk about partnerships, I'm not talking about a good customer-supplier relationship; I'm actually talking about a partnership where the partner is integral in the business model and building the model. I think a good example of this is that early this year, we had a session about what banking might look like in 2020. We had 10 people in the room from around the world for a day-long workshop. In very simple terms, the bank that we aspire to build, we cannot and do not have the resources to build on our own, and our strong intention is to build that through critical and key partnerships.

What does the future hold for ME Bank?

I think ME Bank has both a very exciting and challenging future. In this country we have the dominance of the big four banks, which have significant market share, so that's clearly a big competitive challenge for us. We believe there's a genuine demand for a fundamentally different offer out there: a proposition around genuinely fairer banking, where the bank balances the interests of the customer with those of the shareholder and delivers value to both. We think ME Bank is uniquely placed to provide that alternative. We're trying to build a different bank and give people the opportunity to bank in a different way that is going to be driven by their needs, provided by technology and in collaboration with our partners.

The four things we need to do that are: a clearly defined strategy to build the best digital bank in the digital era; good execution capability, and we've talked about making sure that we've got the right people to execute; technology, which is going to be fundamental and a critical tollgate for us with the deployment of a new banking system this time next year; and lastly, our brand, which stands for genuinely fairer banking. We need to get our brand out there in the

We are a proud long-term business partner of ME Bank and Jamie McPhee, through our national network of our own offices. We congratulate them on their success.

We are a national legal firm with our primary focus on all aspects of secured and unsecured lending and general personal and commercial real property related activities.

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