

# Critical analysis of Westpac strategic plan



Individual Assignment  
Strategic planning Otago BMBA

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## Executive summary

This report presents a comprehensive analysis of Westpac Banking Corporation's high-level strategic plan, encompassing key elements such as background information, the purpose and strategy of Westpac, macro and micro-level analyses, a review of its competitiveness and resources, and based on this analysis, some plausible strategic issues that are identified, further down in the document you will find enhancement propositions, and strategic recommendations. With a focus on the modern banking landscape, this document aims to provide stakeholders, with valuable insights into Westpac's positioning, potential challenges, and strategic initiatives, ultimately contributing to informed decision-making for sustained growth and success. The report concludes with a summary of findings and includes appendices containing supporting artifacts for a more thorough understanding of the analysis. It is worth mentioning here that this report is prepared for academic purposes and thus contains the application of various frameworks and theories in the context of strategic planning.

## Background

Westpac Banking Corporation is among the top five banks in the Australasia region with a customer base of more than 13 million ([appendix 1.1](#)) within Australia, New Zealand, Fiji & Papua New Guinea, it is listed as the first largest in NZX and sixth largest in ASX considering its market capitalization of collective worth of more than 183 billion NZD ([appendix 1.2](#)). The business has been offering its services for more than 200 years and has managed to sustain and thrive at various stages during this period ([appendix 1.3](#)). In a nutshell entire banking business can be grouped into four divisions i.e. Consumer banking, Business banking, Agribusiness, and Institutional banking which are backed by a workforce of more than 36,000 skilled people. Due to the nature of the industry, the business is highly regulated and is governed by guidelines of regulatory bodies that are applicable, Reserve Bank of New Zealand (RBNZ), Reserve Bank of Australia (RBA) and Australian Prudential Regulation Authority (APRA) are key players in this context while the bank is also vulnerable to geopolitical and economic circumstances of the geographies of its operations.

The vision of the organisation and its strategy plays a key role in keeping it relevant and distinct from other players in the industry, in the eyes of its consumers and other key stakeholders.

## Purpose & Strategy of Westpac

At the heart of the banking business, it's the purpose and strategy ([appendix 1.4](#)) that make it different from others, According to which business must strive to seek ways to incorporate a better future for Australasian people involving each stakeholder via its business strengths and capabilities, the core pillar of their strategy includes their customers being in the centre of all attention, ensuring convenient approaches for their customers and people working for them, leveraging the strength of expertise and past experiences and strong advocacy for community wellbeing. To ensure impactful deliverance of organisational strategies, deep-rooted company values play a pivotal role which consist of HELPS i.e. being helpful and ethical at every level, leading positive change via exceptional, accountable, and recognised performance and delivering simplicity of carrying out the business. The success of the organisation's business strategy is measured and managed every quarter with needful alignments of business operations to prevent the organisation from unnecessary strategic drifts.

Although the bank's strategy is carefully designed by expert hands and has proven its efficacy via performing outcomes, as evident in business recent successes, however in the later stages of this document, we will carry out a re-examination of significant factors via utilising various frameworks to determine any plausible issues in existing organisation's strategy using the lens of strategic planning.

## Macro level analysis

Many segments of the global industry are operating at its maturity stage ([appendix 2.10](#)); therefore, it is facing a dynamic and challenging external environment, with various macro factors influencing its performance and strategy. According to ESTEMPLE analysis ([appendix 2.1](#)) carried out for Westpac Banking Group, the following are the key highlights of the findings,

**Economic:** After the COVID pandemic era economy of the Australasian region is recovering slowly with steady growth ([appendix 2.2](#)), inflation in the region is also downward ([appendix 2.5](#)) & interest rates in New Zealand are expected to decrease ([appendix 2.3](#)) which makes the ground fertile with some good opportunities, also lower unemployment rate & increase in the housing market makes the economic circumstances more suitable for banking business however increasing cost of living ([appendix 2.7](#)) & rising exchange rates ([appendix 2.4](#)) imposes challenges which require due attention at the same time.

**Social:** Due to rising numbers of immigrants resulting in population growth ([appendix 2.9](#)) & social attitude of the masses towards banking (more people are keen towards banking as compared to the past) is favouring the business however, there is a hazard of the aging population ([appendix 2.8](#)) specific to this region, due to lack of income after retirement, their potential of being a perpetual customer and paying off their debts is reduced which can be alarming.

**Technology:** This factor plays a significant role in modern-day banking, there are millions of devices available with continuous rise, that are acting as a medium between banking business and customers instead of conventional branch-based banking, customers here have an urge for ease of doing their transactions and interactions, however, banks are striving to reduce human intervention in these process to achieve a higher level of efficiency and accuracy, which altogether serve plenty of opportunities for the business. The use of advancements in Artificial Intelligence in recent days can play a good part here. However, at the same time, there is a rising threat of cybercrime present, also two worth mentioning areas here including cryptocurrency (block-chain based systems) which are attracting youngsters and massive amounts of capital vested in them, regularisation of such initiatives can certainly impose challenges that need due attention of the bank, rise in Fintech organisations can also be considered as threat here e.g. conventionally people were transferring remittances via SWIFT transfer however in present days a major volume of such customers are already taken by such organisations.

**Ethical:** Rising numbers of customers require more attention for securing and managing customers' data, where any negligence can't easily be tolerated due to regulatory requirements.

**Media:** The presence of massively penetrated social media can play an important role in promoting a positive image of the bank along with its offering in innovative ways, however, due to the same fact it is becoming more challenging to maintain a solid brand position due to tougher competition and segregated audiences, monitoring of all such platforms to prevent business from unjust propaganda is also challenging in this context.

**Politics:** The region is blessed with a higher degree of political stability & there is a promising potential available here to capitalise on any current and future international trade agreement in the interest of business, however, changes in government financial policies can pose challenges towards the industry therefore they needed a consistent watch.

**Legal:** Due to the nature of business, it is essential for the bank to ensure the availability of legal professionals to counter any current and future challenges & to ensure the compliance of the business in alignment with the regulatory requirements.

**Environment:** Westpac is an advocate of an environment-friendly future, which makes it different from others, however in the same arena there are emerging regulatory requirements for ESG reporting in the forthcoming global financial industry which need some attention also due to an increase in banking operations and utilisation of massive data processing machinery there is a possible rise in overall business carbon emission which require some adequate management.

Therefore, the business needs to adopt a proactive and adaptive strategy that can leverage the opportunities and mitigate the threats in the external environment. This can be achieved by investing in technology, innovation, and globalization, as well as in regulation, consumer protection, and ESG reporting. The industry also needs to monitor the changes and trends in the macro factors and adjust its strategy accordingly. By doing so, the banking corporation can ensure its long-term sustainability and success in the global market.

### Micro level analysis

The banking industry is a complex and dynamic one, with many segments and sub-segments that may be in different stages of the lifecycle. E.g., traditional retail banking may be in the maturity or decline stage, as it faces challenges from low-interest rates, regulatory pressures, and digital disruption. On the other hand, online banking, mobile banking, and fintech may be in the growth or shakeout stage, as they offer new and innovative products and services, but also face intense competition and uncertainty. Therefore, it is not easy to answer which stage the banking industry currently lies within the industry lifecycle, as it depends on which segment or sub-segment of the industry we are looking at.

Based on classical Porter's Five Forces Analysis ([appendix 3.1](#)), we can infer that the threat of new entrants is relatively low due to high barriers to entry and exit, which leads towards a certain type of oligopolistic competition within the region, due to the same reason bargaining power of customers is also relatively low to medium to influence the business. On the other hand, the bargaining power of suppliers can be considered as medium due to the variety of alternative options for suppliers, threat of substitution can also be considered as medium due to low barriers to entry for non-banking financial institutions and fintech organizations, who can offer their competitive services at higher convenience, and finally, the highest of all is competitive rivalry among the top banks within the region which compete intensely on price, product, service, quality, innovation and on their brand reputation.

When it comes to the global competitiveness, of the business as referred to in Porter's diamond ([appendix 3.2](#)), we can notice that factor and demand conditions are highly favourable for the business, for example, availability of highly skilled workers, availability of modern physical and digital infrastructure, performing economy to meet the demands of people who are after banking services also there is plenty of resource present from supporting industries which can act as a catalyst to foster valuable delivery for the end customers. However, government and regulatory bodies have a key role here to play in enhancing or impacting such conditions via their policies. Although there is fierce price and service-based competition is present there is a higher chance of achieving the strategic objectives if these conditions are exploited adequately.

## Competitive Position

According to Porter's classic Generic strategic matrix ([appendix 4.1](#)), the revenue of an organisation can either be lifted via cost competitiveness or differentiation, Westpac is very much stuck in the middle and it is very challenging for it to reduce the cost due to its scale and size of the organisation however positioning the business using differentiation approach, via utilising its strong attributes and improving the weaker areas can lift it higher in the competition, some key attributes can be found in following radar diagram for competitor's comparison ([appendix 4.2](#)), where we can see that bank holds a strong position when it comes to community support however it need some attention to improvements in gaining more consumer's trust by bringing in some sort of innovation in its business. Business is so far in a reasonable competitive position, though some strategic tweaks can lift it to the next level.

## Resources & competencies

Due to its scale and growth over the past decades, this business has all the core components that are needed to claim its uniqueness in the eyes of its customers ([appendix 5.1](#)), however, the alignment of these resources is needed to be ensured, in conjunction with business core ambitions, McKinsey's 7-S framework can be utilized here as a reference to validate this alignment ([appendix 5.2](#)). It is also very essential to identify the core competencies or competitive advantages of the organisation so that can be leveraged within the strategy of the organisation. According to VRIO analysis ([appendix 5.3](#)), it can easily be noticed that Westpac is competitive, when it comes to purpose, community commitments and efficiency of capital structure however it is very important to note that, these advantages are determined based on the present conditions which may deviate with the future emerging situations, therefore, it is important to periodically review this VRIO matrix. A strong positive culture within the Westpac ecosystem is another strong element of Westpac competency that is very essential to ensure the success of any business strategy.

## Plausible strategic Issues

It is a fact beyond doubt that the banking business is operating in a highly volatile, uncertain, complex, and ambiguous (VUCA) environment where strategy can play a pivotal role in ensuring a winning position however emergent conditions over time can introduce strategic drifts which needed careful remediation for the pursuance of better realised strategy. In the light of so far discussed analysis, there are a few missing elements and gaps that can impose potential hurdles in Westpac's journey towards a better future and are outlined as follows,

### Digitisation of economy

Economic digitisation, increases competition and innovation in the banking industry, resulting in threats of new entrants, such as fintech companies, Neobanks, and big tech firms, that offer more convenient, cheaper, and personalised financial services to customers. Resolution of this issue requires them to invest heavily in technology, cybersecurity, and data analytics, to enhance its digital capabilities and customer experience, however, this key aspect was somewhat not prominently reflected in the existing strategy. This adversity is also a blessing in disguise as it comes along with some interesting opportunities. *Attack!*

### Vision definition

According to the existing Westpac group's strategy, their purpose is to create a better future together, however, the vision of a 'better future' is not well defined which makes their strategy a little ambiguous this could be a future place where people are highly financially stable via strong backing of their bank, or it could be a modern eco-friendly sustainable society where each individual is contributing towards the financial wellbeing of society or maybe something else, *Improve!*

### Countering lower interest rates

The low-interest rate environment reduces the bank's net interest margin and profitability. In the past central banks of Australia and New Zealand have cut their official cash rates to historic lows, and have implemented unconventional monetary policies, such as quantitative easing and negative interest rates, to stimulate the economy. This puts pressure on the bank's lending and deposit rates and limits its revenue growth. The existing strategy is somewhat lacking in countermeasures to tackle such inevitable circumstances. *Avoid!*

### Mechanism to counter economic lockdown.

Due to the impact of the COVID-19 pandemic on the economy, the customers, and the bank's operations. The pandemic has caused disruptions, uncertainties, and losses for many individuals and businesses, affecting their ability to repay loans and access financial services. The bank has also incurred higher costs and provisions to support its customers and staff during the crisis. The existing strategy is somewhat lacking a mechanism to counter such unprecedented circumstances. *Defend!*

### Customer vulnerabilities & natural disaster:

The customer vulnerability and rebuilding after natural disasters, require the bank to provide more support and assistance to its customers and communities. The bank needs to address the needs and expectations of its customers, who may face financial hardship, stress, or trauma, due to the pandemic, natural disasters, or other personal circumstances. The bank also needs to contribute to the recovery and resilience of the communities, where it operates, by providing relief, funding, and volunteering. The bank being a champion of social responsibility should have some mechanism to support this initiative in its strategy. *Defend!*

## Strategy Enhancement Proposition

To overcome the plausible challenges, a holistic approach can play a pivotal role which would include consideration of various strategic frameworks and tools to re-imagine the shape of the company's strategy, a summary of a few applicable frameworks' adoption is illustrated below,

### Blue Ocean strategy

Due to fierce competition in the industry, the market is very much acting like a red ocean where the blue ocean strategy ([appendix 6.1](#)) can help the business to eliminate, reduce, raise and create new value factors, to intensify the value of the whole business, e.g. it can seek the elimination of operational waste, overheads, and communication barriers, reduce certain factors such as interest rates, service fees and inefficient resources that are unnecessary, at the same time business must raise its competency beyond industry standards for certain factors that are critical here, e.g. quality service, new products and data privacy and finally as the essence of blue ocean, business must create some new factors that will position the company at a very distinct ground, e.g. introducing new innovative products, or investment in new modern platform development or even taking business to new segments of customers.

### Value co-creation

Conventional banking is very much based on a pipeline-based model where competition and economic challenges are emerging every day and pushing the industry towards its post-maturity stage, emergence of a platform-based model in such circumstances can strengthen the prosperity of the organisation here. where net value is co-created by the producers & consumers of the system end users ([appendix 6.2](#)). E.g. according to a very high-level abstraction of the Westpac value co-creation model ([appendix 6.3](#)), they can invest and develop a platform where industry operant and operands can interact with each other jointly to produce surplus value while leveraging the power of WBC industry experience & knowledge.

### Investment Prioritisation & Positioning

It is very important to streamline the priorities especially when it comes to investments, Boston group consultancy matrix ([appendix 6.4](#)) can play a crucial role in this regard, according to the analysis we can see some areas that need adequate investments and some sections that are almost ready for liquidation for detail level analysis use of GE McKinsey Matrix ([appendix 6.5](#)) can also assist in decisioning, For better positioning it is important to revisit the market and product structure of the business as well a comprehensive ANSOFF analysis can be found in ([appendix 6.6](#)) that contains some potential opportunities areas as well.

### SWOT Analysis

Developing and maintaining a higher number of organisational strengths along with the sensation of a greater volume of opportunities in proportion to its weaknesses and threats can always be in the wider interest of the organisation, e.g. a company with a higher proportion of strengths and opportunities against its weaknesses and threats is more likely to succeed as compared to a company with fewer strengths and opportunities. This higher proportion enables the organization to sense, seize and transform efficiently and rapidly via leveraging its dynamic capabilities ([appendix 6.7](#)) and strengthen its competitiveness in the long run. Based on a comprehensive SWOT analysis of business ([appendix 6.9](#)), we can interpret that Success for Westpac Bank in New Zealand and Australia would depend on how well it can leverage its strengths, overcome its weaknesses, seize its opportunities, and mitigate its threats. some possible indicators of success for Westpac could be,

- Increasing its net interest margin (NIM) and return on average assets (ROAA)
- Enhancing its customer satisfaction and loyalty, by improving its customer service, product quality, and digital experience.
- Expanding its market share and presence in both domestic and international markets, by offering competitive and innovative financial solutions
- Strengthening its brand reputation and social responsibility, by resolving its legal issues, reducing its environmental impact, and supporting its community initiatives.
- Managing its risks and challenges, such as the economic downturn, regulatory changes, fintech competition, cyber security threats, and fraud prevention.

To achieve these objectives the company's workforce and its relationships with relevant government and business entities are of high importance.



## Recommendations

In the light of existing analysis, to counter the plausible strategic issues following are a few high-level recommendations, that can be grouped into three sections,

### Mission Re-alignment

Although Westpac is a strong advocate of society with a leading position towards the environment, however, they are surrounded by challenges that are of higher precedence which must be addressed first e.g. the economic and global financial challenges without addressing them the wider ambition can't be achieved, via considering such factors for the organisation purpose, the ambiguous term 'Better future' can be redefined as

A better future that contains,

- Economic and financial superiority for the well-being of society
- Members of the community with easy access to financial services for their wellbeing.
- Plenty of opportunities for value co-creation.
- Very high standards of data protection and privacy
- Sustainable modern technologies are making lives easier.
- Least negative impact of banking on planet earth

*In a nutshell a well-informed, connected, and supported future.*

### Revision of Strategic action

Once the vision is clearly defined with strategic intent, the company must prepare a strategic action plan based on detailed level analysis, a few components of such action plans could be,

- Enhancing and strengthening the competitive advantages ([appendix 4.2](#)) & ([Appendix 5.3](#))
- Managing industry factors efficiently via following the blue ocean approach ([Appendix 6.1](#))
- Establishing a long-term platform-based approach for value co-creation ([Appendix 6.3](#))
- Prioritise strategic investment & divestment using BSG & GE matrix ([appendix 6.4](#))
- Introduce new innovative products and explore new markets ([appendix 6.6](#))
- Stay vigilant to gain the first mover advantage using dynamic capabilities ([appendix 6.7](#))
- Carefully addressing weaknesses & threats and managing them via strengths and opportunities as illustrated in the SWOT analysis ([appendix 6.9](#))

To guarantee the outcome of a strategic action plan organisation must foster a positive culture in the true spirit of its vision, that will derive fruitful values in the wider interest ([appendix 6.8](#)).

### Stakeholder management and Balance check

Throughout the strategy implementation, involvement and management of stakeholders is critical therefore they must be managed adequately, Mendelow's matrix can be used here ([appendix 7.1](#)) and lastly it is very important to consistently monitor the ongoing application of defined strategy, use of balanced score cards ([appendix 7.2](#)) can ensure here the check and balances in this context.



## Conclusion

Based on the comprehensive analysis of Westpac banking group strategy, its macro and micro market factors, and the revision of its competitiveness in alignment with certain strategic frameworks, we can conclude that the plausible issues can strategically be handled via adopting the highlighted points in the recommendation section, which will eventually enable the organization to create better future for Australasia. With adequate investments and divestments, the company will be able to generate surplus profit, which will lead the organisation in a better position to stay resilient in challenging economic conditions or any unprecedented circumstances such as pandemics or natural disasters.

These investments into new markets, products or platforms will also generate new variants of satisfied customers who will jointly benefit from the generated enhanced value, also such initiatives will engage & reward various stakeholders at different levels who will have their role to play in this greater cause as well. And, with the success of the business strategy, there will be a positive impact on the vicinity of the business ecosystem which will indirectly be beneficial for our planet as well.

We can also infer that the success of Westpac's business strategy is closely attached to the triple bottom line i.e. "Profit, People & Planet" or in other words, the profitability of business will lead to prosperous people which eventually will lead towards the prosperity of the planet.

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*And this could potentially be another way of creating a better future together.*

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## Appendices

### Appendix 1.1 – Westpac customer distribution

NUMBER OF CUSTOMERS AND ACCOUNTS	2023	2022	2021
Total customers (millions) <sup>1</sup>	13.0	12.7	13.9
Digitally active customers (millions) <sup>2</sup>	5.80	5.48	5.24
Number of debit card accounts (millions) <sup>3</sup>	6,273	5,678	5,398
Number of credit card accounts (millions) <sup>4</sup>	1,812	1,836	1,929
Number of ATMs	1,412	1,637	1868
<i>Australia</i> <sup>5</sup>	879	1,071	1,270
<i>New Zealand</i>	413	439	464
<i>Pacific</i>	120	127	134
Number of branches	786	877	997
<i>Australia</i> <sup>6</sup>	644	732	851
<i>New Zealand</i>	112	115	116
<i>Pacific</i>	30	30	30

<https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/ic/Westpac-2023-Sustainability-Index-and-Datasheet.xlsx>

### Appendix 1.2 – Westpac Position in NZX & ASX

ASX X	NZX X
<b>BHP</b> BHP Group Ltd BHP   ASX \$45.610 AUD \$231.185 billion	<b>W</b> Westpac Banking Corp WBC   NZX \$26.230 NZD \$91.7557 billion
<b>CBA</b> Commonwealth Bank of Australia CBA   ASX \$116.280 AUD \$194.729 billion	<b>ANZ</b> ANZ Group Holdings Ltd ANZ   NZX \$30.200 NZD \$90.8268 billion
<b>CSL</b> CSL Ltd CSL   ASX \$284.000 AUD \$137.198 billion	<b>ME</b> Meridian Energy Ltd MEL   NZX \$5.720 NZD \$14.796 billion
<b>nab</b> National Australia Bank Ltd. NAB   ASX \$33.070 AUD \$102.861 billion	<b>FPH</b> Fisher & Paykel Healthcare Corporatn Ltd FPH   NZX \$24.130 NZD \$14.091 billion
<b>FMG</b> Fortescue Ltd FMG   ASX \$28.400 AUD \$87.4426 billion	<b>AIA</b> Auckland International Airport Limited AIA   NZX \$8.150 NZD \$12.0252 billion
<b>W</b> Westpac Banking Corp WBC   ASX \$24.570 AUD \$85.9488 billion	<b>F&amp;C</b> F&C Investment Trust PLC FCT   NZX \$20.230 NZD \$10.2684 billion
<b>ANZ</b> ANZ Group Holdings Ltd ANZ   ASX \$28.420 AUD \$85.4735 billion	

<https://app.sharesies.com/>

### Appendix 1.3 – Westpac History

view > Our history

## OUR HISTORY

As the oldest bank and first company in Australia, we have more than 200 years of continuous service to the people of Australia.



As Australia's first bank and oldest company, the Westpac Group—which started life as the Bank of New South Wales in 1817—represents a central, unbroken thread that runs through Australian history. It has survived and thrived because it has been guided by the same purpose over the years: to provide stability, to support customers and communities, and to help grow the economy.

The Bank of New South Wales (Bank of NSW) was established in 1817 under a charter of incorporation signed by Governor Lachlan Macquarie. In October 1992, the Bank of NSW merged with the Commercial Bank of Australia, taking on the new name of Westpac Banking Corporation. Australia's first company and oldest bank, Westpac has over 200 years of continuous service.

<https://www.westpac.com.au/about-westpac/westpac-group/company-overview/our-history/>

## Appendix 1.4 – Westpac Purpose & Strategy

### Our strategy and purpose

Westpac Group's purpose is creating better futures together. It's what we do, who we are and why we come to work every day. What's most important to us is understanding what a better future means to our customers and helping them get there.

Our strategy seeks to deliver on this purpose by building deep and enduring customer relationships, being a leader in the community, being a place where the best people want to work and, in so doing, delivering superior returns for shareholders.

In delivering on our strategy, we are focused on our core markets of Australia and New Zealand, where we provide a comprehensive range of financial products and services that assist us in meeting the financial services needs of customers. With our strong position in these markets, and over 13 million customers, our focus is on organic growth, growing customer numbers in our chosen segments and building stronger and deeper relationships.

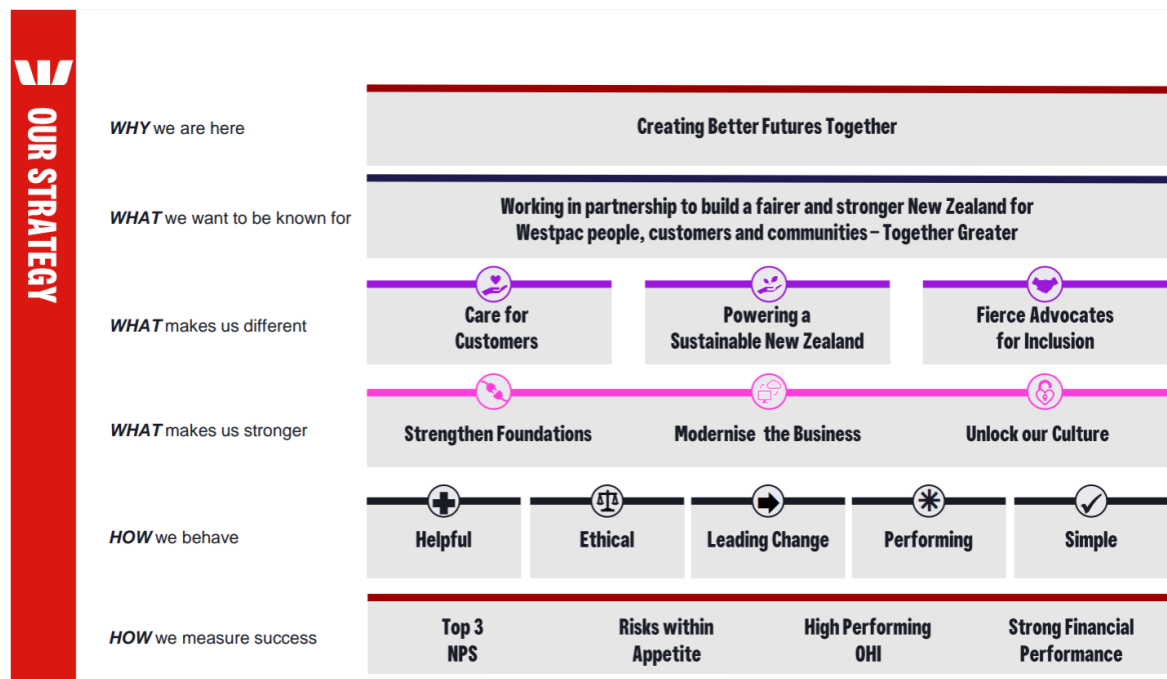
A key element of this approach is our portfolio of financial services brands, which enables us to appeal to a broader range of customers and provides us with the strategic flexibility to offer solutions that better meet individual customer needs.

Our strategy is framed by four pillars: Customer, Easy, Expert, Advocate.

### Our company's values

Our values are what we believe in at Westpac Group. Our values are based around helping as it's at the heart of what we do. They are:

- **Helpful** - Passionate about providing a great customer experience
- **Ethical** - Trusted to do the right thing
- **Leading Change** - Determined to make it better and be better
- **Performing** - Accountable to get it done
- **Simple** - Inspired to keep it simple and easy



<https://www.westpac.com.au/about-westpac/westpac-group/company-overview/our-strategy-purpose/>



Appendix 2.1 – ESTEMPLE Analysis

Driver	Macro Factors	1 Year			3 Years			10 Years			Trend	ESTEMPLE Analysis
		I	P	I*P	I	P	I*P	I	P	I*P		
Economic	Economic Growth	1	0.2	0.2	2	0.5	1	3	0.6	1.8	↑	Opportunity - Growth of economy in both Australia and NZ is expected
	Plummeting Interest Rates	1	0.1	0.1	1	0.5	0.5	1	0.1	0.1	↓	Opportunity – Drop in NZ OCR is expected
	Plummeting Exchange Rates	2	0.2	0.4	3	0.5	1.5	4	0.5	2	↓	Threat – Currency exchange rate expected to continue dropping against USD
	Decreasing Inflation	1	0.3	0.3	2	0.5	1	-	-	-	↓	Opportunity – Steady decline in inflation is expected
	Unemployment	1	0.1	0.1	1	0.1	0.1	-	-	-	→	Opportunity – Steady unemployment rate with negligible change expected
	Housing market growth	1	0.1	0.1	1	0.3	0.3	2	0.5	1.5	↑	Opportunity – Possible growth in housing industry is expected
	Cost of living	2	0.3	0.6	2	0.7	1.4	2	0.8	1.6	↑	Threat – Continuous increase in cost of living is expected
Social	Population growth	1	0.1	0.1	1	0.2	0.2	1	0.3	0.3	↑	Opportunity – Steady growth in general population is expected
	Aging population growth	1	0.1	0.1	1	0.2	0.2	2	0.2	0.4	↑	Threat – Increase in aging population in both countries is expected
	Social attitude	1	0.2	0.2	1	0.3	0.3	1	0.4	0.4	↓	Threat – Minor decline in social attitude towards banking is further expected
Technology	Digital devices growth	2	0.3	0.6	2	0.5	1	2	0.75	1.5	↑	Opportunity – Huge growth in digital (mobile) devices is expected
	Use of artificial intelligence	2	0.2	0.4	2	0.45	0.9	2	0.75	1.5	↑	Opportunity – Growth and availability of advance AI based solutions expected
	Crypto & Decentralised banking	1	0.3	0.3	1	0.4	0.4	1	0.5	0.5	↑	Threat – More people are likely to incline towards Decentralized alternatives
	Fintech organisations	1	0.2	0.2	1	0.3	0.3	1	0.5	0.5	↑	Threat – Modern Fintech organisations are likely to increase
	Cyber security risk	3	0.3	0.9	3	0.5	1.5	3	0.75	2.25	↑	Threat – Growth in cyber security risks is probably expected

Driver	Macro Factors	1 Year			3 Years			10 Years				ESTEMPLE Analysis (continued)
		I	P	I*P	I	P	I*P	I	P	I*P	Trend	
Ethical	Concerns towards data privacy	1	0.3	0.3	1	0.4	0.4	1	0.5	0.5	↑	Threat – General public concerns towards their data privacy is likely to increase
Media	Growth of social media	1	0.4	0.4	1	0.5	0.5	1	0.75	0.75	↑	Opportunity – Growth in presence and use of social media is expected
	PR Needs for brand recognition	1	0.2	0.2	1	0.5	0.5	1	0.77	0.77	↑	Threat – In diverse media presence, brand marketing will become a challenge
	Hazard of media trial	1	0.1	0.1	1	0.2	0.2	1	0.4	0.4	↑	Threat – Hazards of planted media trial is expected to be higher
Political	Political Instability	1	0.1	0.1	1	0.1	0.1	1	0.2	0.2	→	Opportunity – Political stability in both countries is likely to prevail
	Changes in Govt Policies	2	0.1	0.2	2	0.2	0.4	2	0.3	0.6	↑	Threat – Moderate changes in govt regulatory policies in sector are expected
	Trade agreements	1	0.1	0.1	1	0.2	0.2	1	0.3	0.3	↑	Opportunity – Political stability in both countries is likely to prevail
Legal	Regulatory & compliance	1	0.1	0.1	1	0.2	0.2	1	0.4	0.4	↑	Threat – Increase in regulatory & compliance requirements is expected to grow
	Legal team readiness needs	1	0.1	0.1	1	0.3	0.3	1	0.4	0.4	↑	Opportunity – Needs of legal experts in sector is expected to grow
Environment	ESG Obligations	2	0.3	0.6	2	0.5	1	2	0.8	1.6	↑	Threat – ESG Reporting, and compliance requirements is expected to incur more
	Climate change awareness	1	0.1	0.1	1	0.3	0.3	1	0.4	0.4	↑	Opportunity – Climate change awareness is globally rising
	Growth in carbon emission	2	0.2	0.4	2	0.5	1	2	0.80	1.6	↑	Threat – Growth in carbon emission is expected to grow

## Appendix 2.2 – Australia- New Zealand GDP Growth

GDP Growth		
Year	New Zealand	Australia
2014	3.60%	2.60%
2015	3.50%	2.50%
2016	4%	2.80%
2017	3.10%	2.30%
2018	3.20%	2.80%
2019	3.10%	2.80%
2020	-1.40%	0%
2021	5.50%	3.40%
2022	2.40%	-0.60%
2023	1.30%	-0.30%

The GDP growth numbers for New Zealand and Australia from 2014 to 2018 as well. based on the data from [Stats NZ](#) and [Georank.org](#).

As you can see, New Zealand had a higher GDP growth rate than Australia in most of the years, except for 2014 and 2016. Both countries had similar growth rates in 2019, before the COVID-19 pandemic hit.

## Appendix 2.3 – Australia New Zealand Official cash rate (OCR)

OCR Data		
Year	Australia	New Zealand
2014	2.50%	3.50%
2015	2.00%	3.25%
2016	1.50%	2.25%
2017	1.50%	1.75%
2018	1.50%	1.75%
2019	0.75%	1.00%
2020	0.25%	0.25%
2021	0.25%	5.50%
2022	0.25%	5.50%
2023	0.25%	5.50%

The annual average of the official cash rate (OCR) for both countries from 2014 to 2023, based on the data from [Trading Economics and CEIC Data](#)<sup>1</sup>.

As you can see, Australia has maintained a low and stable interest rate since 2016, while New Zealand has increased its interest rate significantly since 2021, reaching 5.5% in 2023. This reflects the different monetary policy stances of the two central banks, as well as the different economic conditions and inflation pressures in the two countries.

## Appendix 2.4 – Australia – New Zealand currency Exchange Rates

Exchange Rates		
Year	NZD/USD	AUD/USD
2014	0.83	0.9
2015	0.7	0.75
2016	0.7	0.74
2017	0.71	0.77
2018	0.69	0.74
2019	0.66	0.69
2020	0.65	0.67
2021	0.71	0.73
2022	0.64	0.69
2023	0.61	0.66

Table that shows the annual average of the NZD/USD and AUD/USD rates from 2014 to 2023, based on the data from [Trading Economics and CEIC Data](#)<sup>1</sup>.

As you can see, the NZD and the AUD have both depreciated against the USD in the last decade, but the NZD has generally been stronger than the AUD. The exchange rates are influenced by many factors, such as the interest rates, the trade balance, the inflation, the political stability, and the market sentiment.



### Appendix 2.5 – Australia / New Zealand Inflation

Inflation (CPI)			<p>The annual percentage change in the consumer price index (CPI) for both countries from 2014 to 2023, based on the data from <a href="#">Stats NZ</a> and <a href="#">MacroTrends</a>.</p> <p>As you can see, both countries experienced a low and stable inflation rate in the first half of the decade, but a sharp increase in the second half, especially in 2022 and 2023. This reflects the impact of the COVID-19 pandemic, the supply chain disruptions, the rising energy and food prices, and the monetary policy responses of the central banks.</p>
Year	New Zealand	Australia	
2014	1.60%	2.50%	
2015	0.30%	1.60%	
2016	0.40%	1.30%	
2017	1.90%	2.00%	
2018	1.90%	1.90%	
2019	1.60%	1.60%	
2020	1.70%	0.90%	
2021	3.90%	2.90%	
2022	7.20%	6.60%	
2023	6.70%	6.40%	

### Appendix 2.6- Australia / New Zealand Un-employment

Un-employment			<p>The annual average of the percentage of the labour force that is without work but available for and seeking employment, based on the data from <a href="#">MacroTrends</a> and <a href="#">Stats NZ</a>.</p>
Year	Australia	New Zealand	
2019	5.30%	4.10%	
2020	6.50%	4.60%	
2021	5.10%	3.80%	
2022	3.70%	3.30%	
2023	3.50%	4.00%	

### Appendix 2.7- Australia / New Zealand Cost of living

Cost of living				
Item/Service	New Zealand 2012	New Zealand 2022	Australia 2012	Australia 2022
Meal, Inexpensive Restaurant	15.00 NZ\$	25.00 NZ\$	16.00 A\$	25.00 A\$
Monthly Rent, 1 bedroom apartment in city centre	1,200.00 NZ\$	2,000.00 NZ\$	1,800.00 A\$	2,500.00 A\$
Gasoline, 1 litre	2.20 NZ\$	3.00 NZ\$	1.50 A\$	2.00 A\$
Internet, 60 Mbps or More, Unlimited Data, Cable/ADSL	60.00 NZ\$	87.06 NZ\$	60.00 A\$	85.45 A\$
Cigarettes, 20 Pack (Marlboro)	16.00 NZ\$	38.00 NZ\$	18.00 A\$	43.00 A\$

The average prices of some common items and services in New Zealand and Australia in 2012 and 2022, based on the data from [Numbeo](#) and [Stats NZ](#). The prices are in NZD and AUD, respectively.

### Appendix 2.8- Australia / New Zealand Aging Population Growth

Growth in aging population		
Year	New Zealand	Australia
2012	14.20%	14.40%
2013	14.50%	14.70%
2014	14.80%	15.00%
2015	15.10%	15.30%
2016	15.40%	15.60%
2017	15.70%	15.90%
2018	16.00%	16.20%
2019	16.40%	16.50%
2020	16.80%	16.80%
2021	17.20%	17.10%
2022	17.60%	17.40%

The percentage of the population aged 65 years or older (65+) in both countries from 2012 to 2022, based on the data from [Stats NZ](#) and [AIHW](#).

As you can see, the proportion of the population aged 65+ years has increased in both countries in the last decade, but more so in New Zealand. [In 2022, 1 in every 6 people in New Zealand were in these older age groups, compared to 1 in every 5.7 people in Australia<sup>1</sup>](#). This reflects the different demographic trends and life expectancies of the two countries.

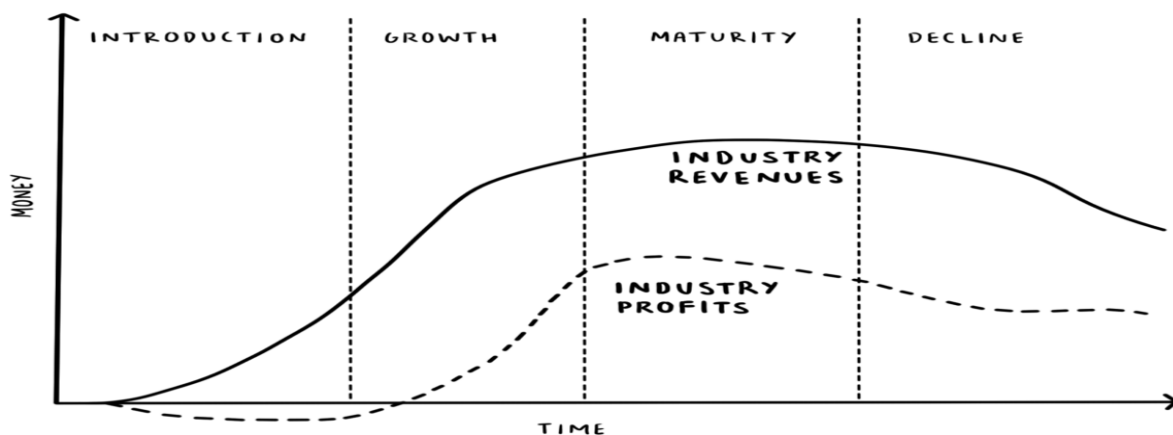
### Appendix 2.9- Australia / New Zealand General Population Growth

Population Growth		
Year	New Zealand	Australia
2012	0.66%	1.66%
2013	0.92%	1.68%
2014	1.43%	1.55%
2015	1.69%	1.49%
2016	1.69%	1.58%
2017	1.67%	1.63%
2018	1.94%	1.58%
2019	2.49%	1.51%
2020	2.06%	1.23%
2021	1.36%	0.98%
2022	1.08%	0.99%

The annual percentage change in the total population for both countries from 2012 to 2022, based on the data from [Macro-Trends](#) and [Worldometer](#).

As you can see, New Zealand had a higher population growth rate than Australia in every year, except for 2012 and 2022. The population growth rate in both countries peaked in 2019, before the COVID-19 pandemic hit, and declined in 2020 and 2021, as the borders were closed, and the births were reduced. The population growth rate in both countries is expected to increase slightly in 2022, as the vaccination rates improve and the migration resumes.

### Appendix 2.10 – Industry life cycle



T. Garry - (Industry Life Cycle - Definition, Stages, Consideration ([corporatefinanceinstitute.com](https://corporatefinanceinstitute.com)))

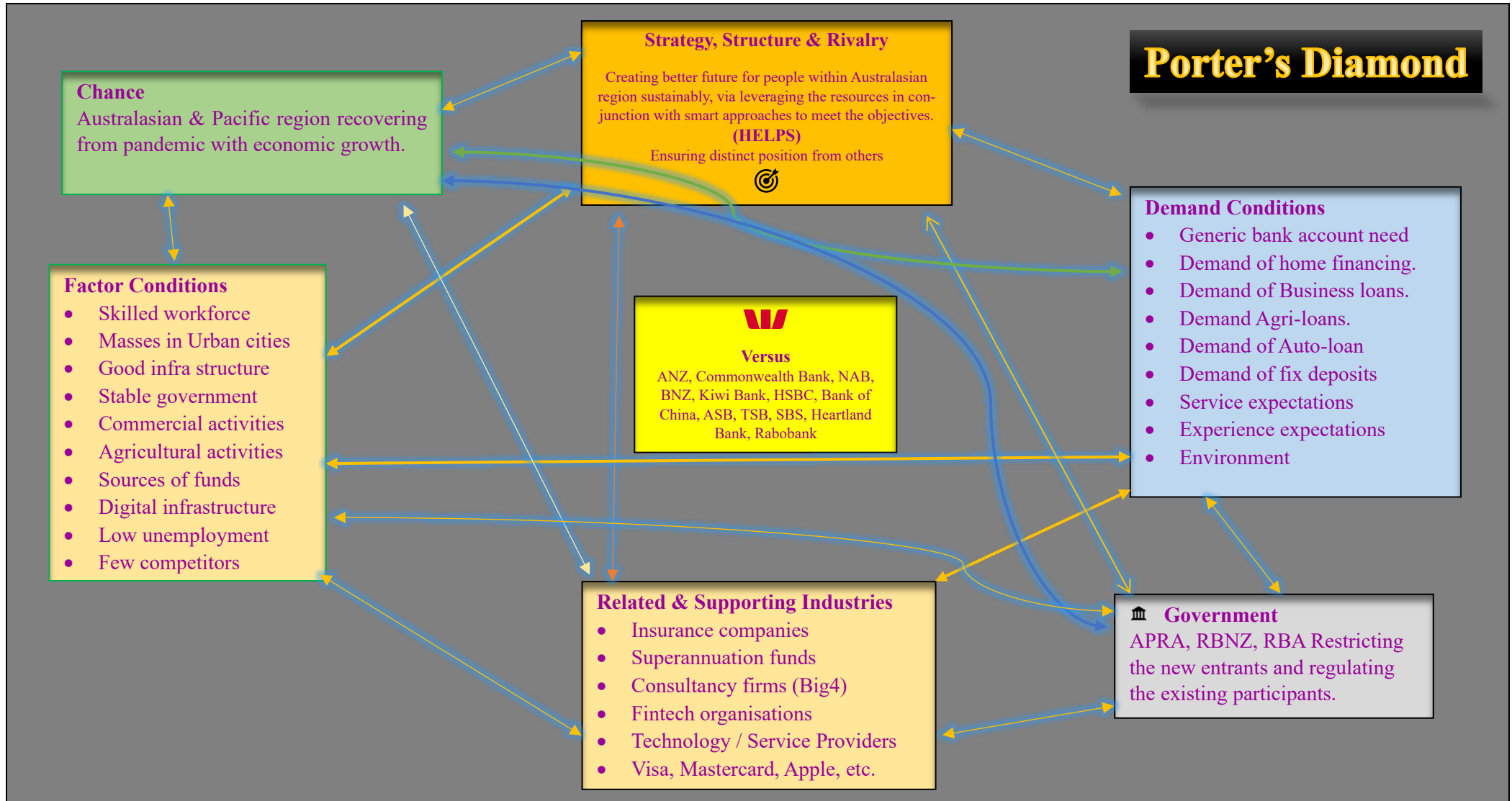
Appendix 3.1 – Porter's Five Forces



[The Five Forces - Institute for Strategy And Competitiveness - Harvard Business School \(hbs.edu\)](https://www.hbs.edu/five-forces/)



Appendix 3.2 – Porter’s Diamond of Competitiveness in Australasia



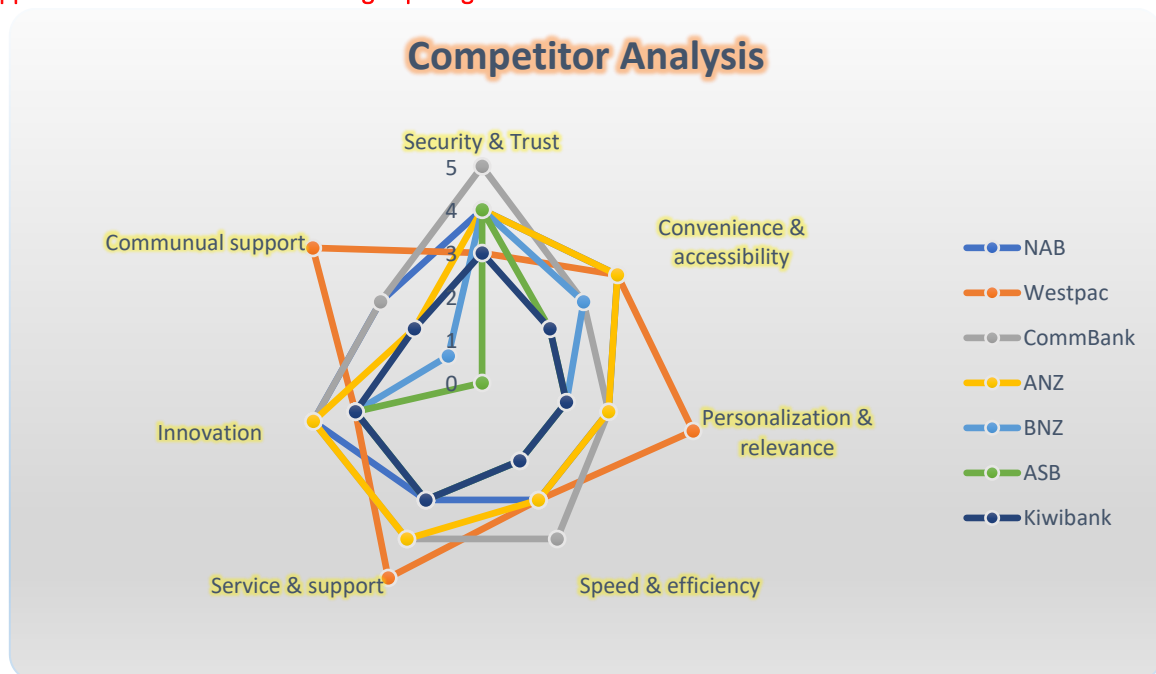
Porter Diamond Model: What It Is and How It Works (investopedia.com)

Appendix 4.1 – Porter's Generic Strategy Matrix



<https://www.ifm.eng.cam.ac.uk/research/dstools/porters-generic-competitive-strategies/>

Appendix 4.2 – Differential Advantage Spidergram

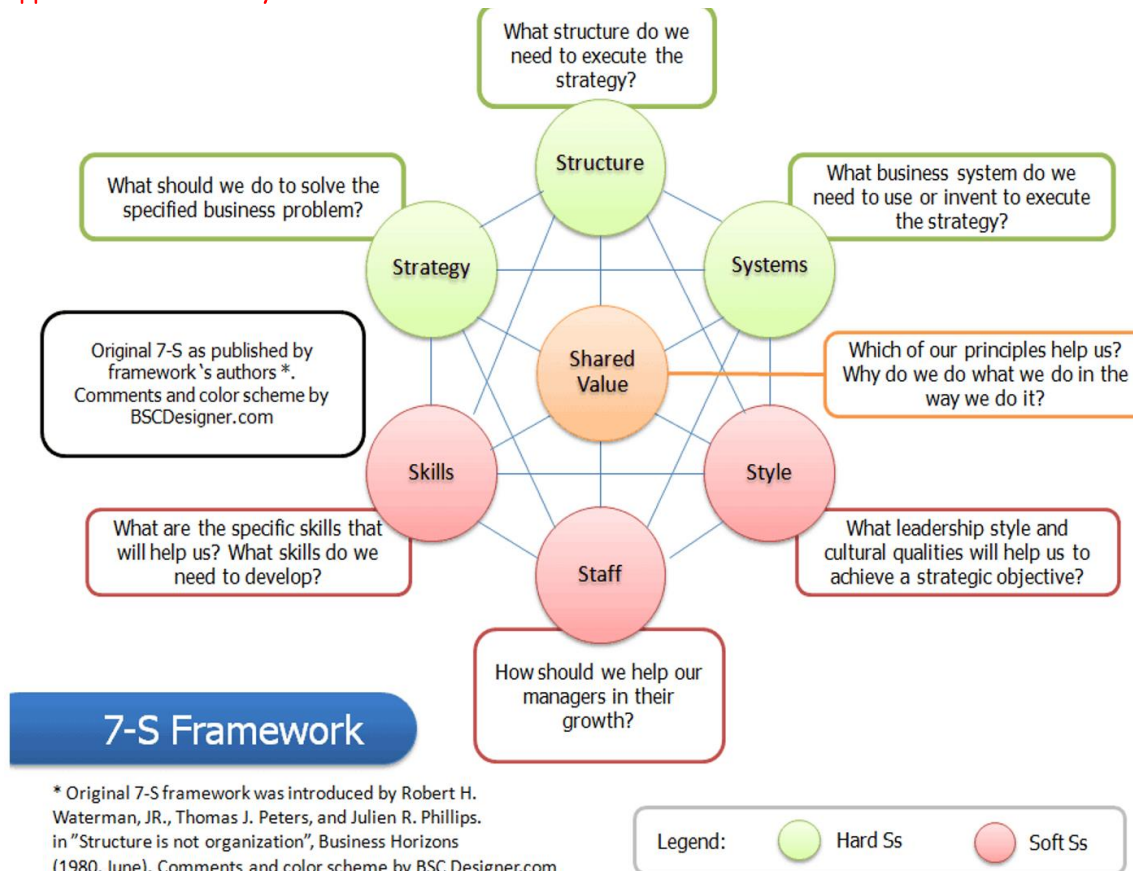


Appendix 5.1 – What makes a business unique.



T. Garry

Appendix 5.2 – McKinsey 7-S Framework

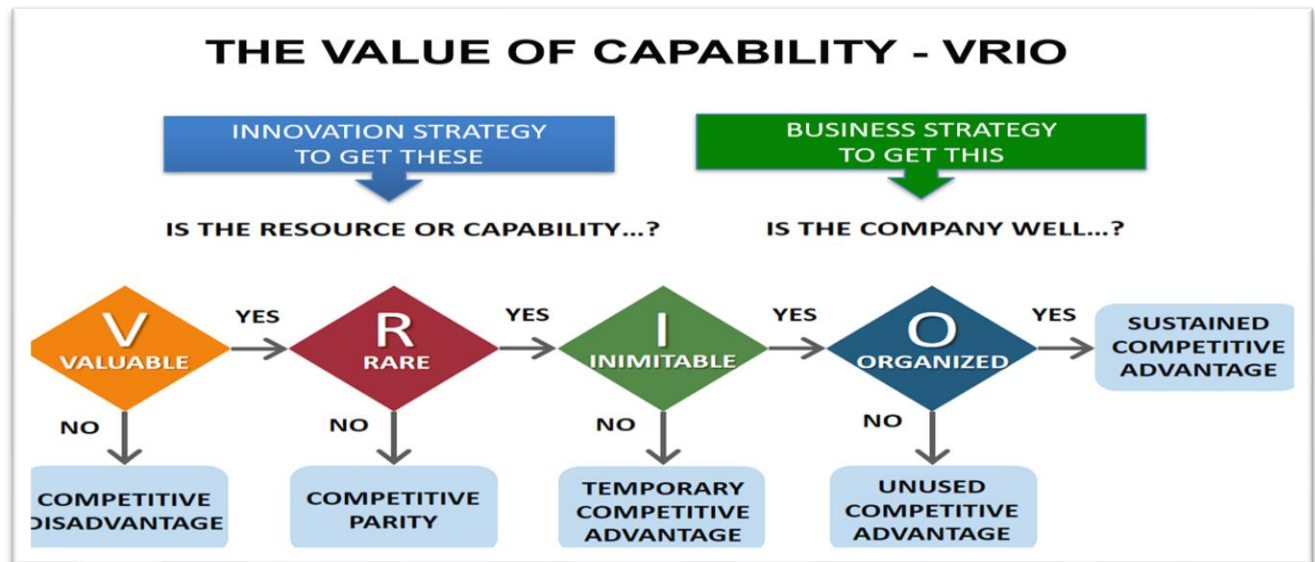


<https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/enduring-ideas-the-7-s-framework>



Appendix 5.3 – WBC Competitive Advantage (VRIO)

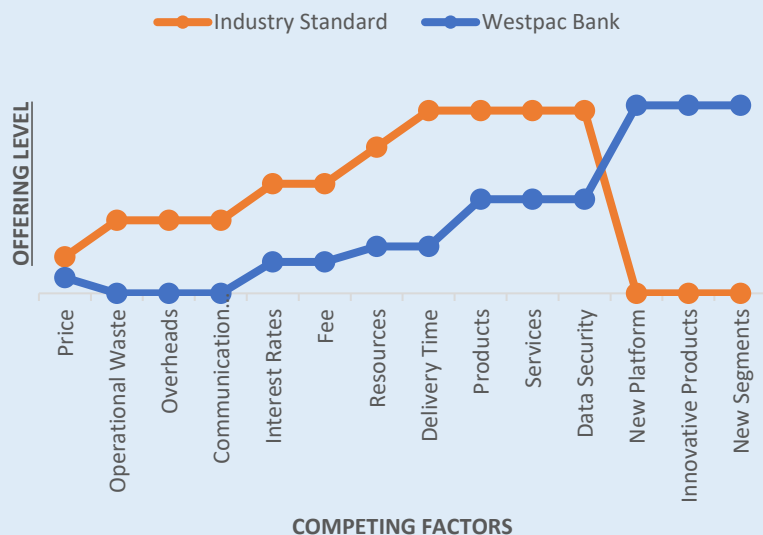
Westpac Banking Corporation	<b>V</b> valuable	<b>R</b> Rare	<b>I</b> Inimitable	<b>O</b> Organised	Inference
<b>Broad portfolio of financial services</b> <i>Retail, business, institutional and wealth management</i>	YES	NO			Competitive parity
<b>Strong level of capital structure</b> <i>Included among top quartile global banks</i>	Yes	Yes	Yes	Yes	Sustainable competitive advantage
<b>Strong customer franchise across Australasia</b> <i>More than 13 million customers with accounts</i>	Yes	Yes	No		Temporary competitive advantage
<b>Investments in Digital Future</b> <i>Enhancing its online &amp; Mobile banking platform</i>	Yes	Yes	Yes	No	Unused competitive advantage
<b>Clear &amp; Purposeful Strategy</b> <i>“Creating better future together”</i>	Yes	Yes	Yes	Yes	Sustainable competitive advantage
<b>Structured &amp; massive Skilled workforce.</b> <i>36,000+ Employees across the business</i>	Yes	Yes	No		Temporary competitive advantage
<b>Strong commitment toward society</b> <i>Westpac Helicopter</i>	Yes	Yes	Yes	Yes	Sustainable competitive advantage



<https://strategicmanagementinsight.com/tools/vrio/>

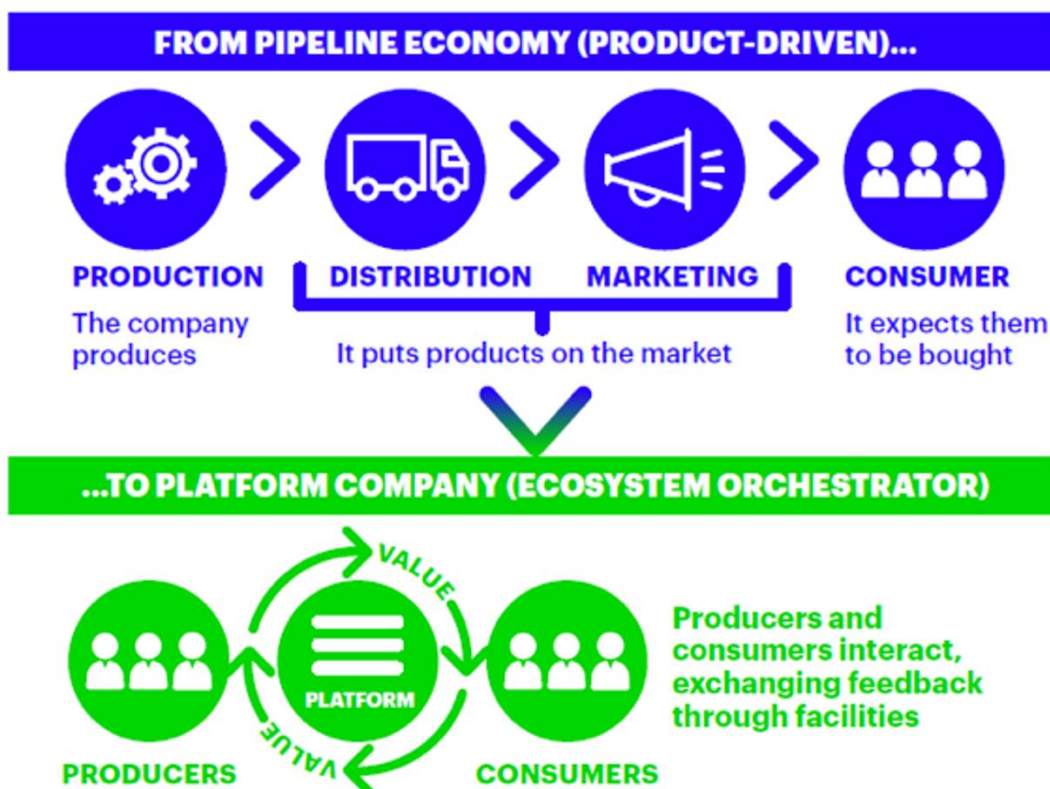
Appendix 6.1 – Blue Ocean Strategy for WBC

## Blue Ocean Strategy



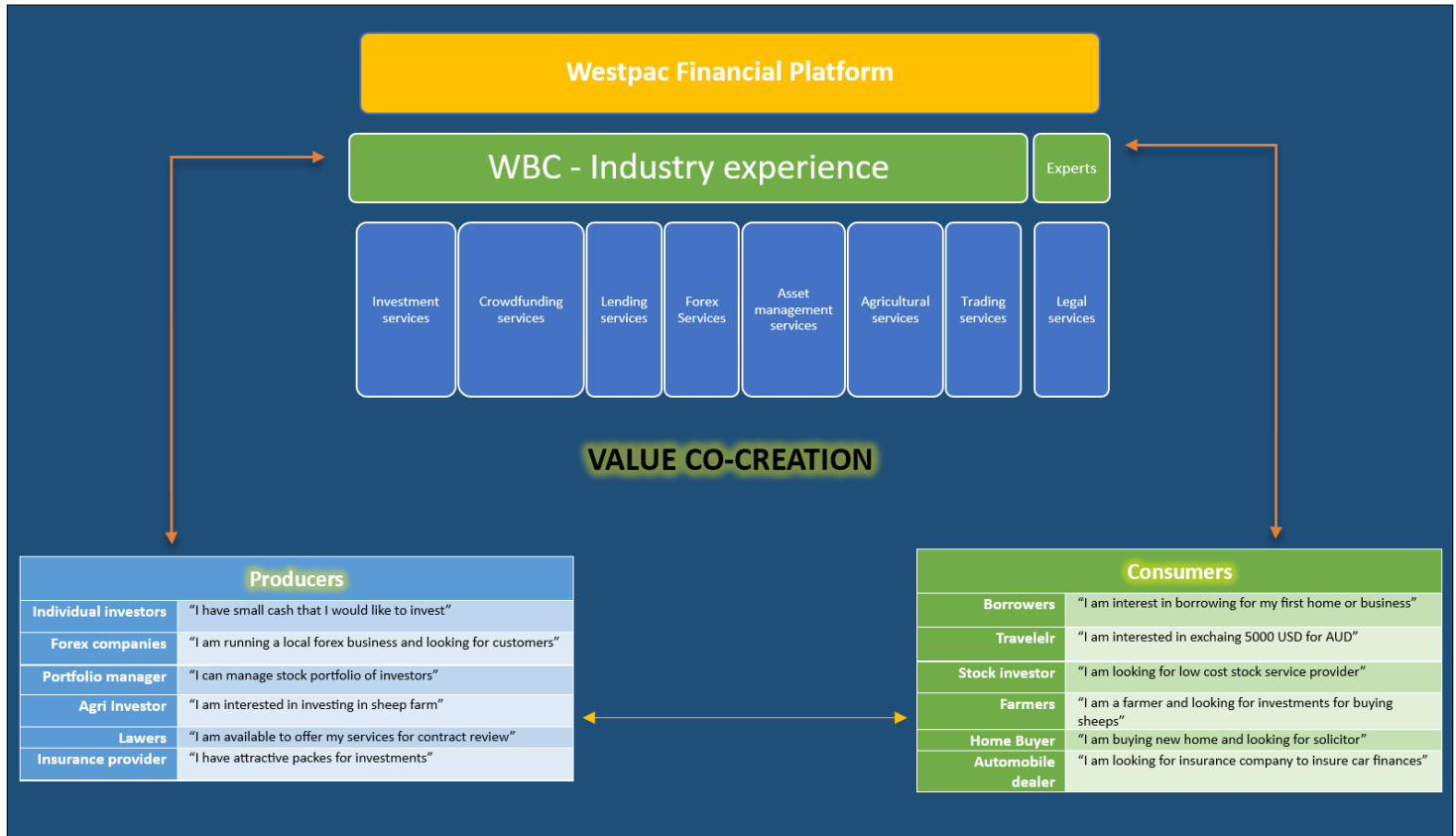
Current Situation			
Value Factor	Industry	Westpac	Action
Price	5	5	Retain
Operational Waste	4	5	Eliminate
Overheads	3	4	Eliminate
Communication Barriers	4	4	Eliminate
Interest Rates	5	6	Reduce
Fee	5	5	Reduce
Resources	5	6	Reduce
Service Delivery Time	5	6	Reduce
Products	5	4	Raise
Services	5	4	Raise
Data Security	5	5	Raise
New Platform	7	8	Create
Innovative Products	7	8	Create
New Segments	7	8	Create

Appendix 6.2 – Pipeline vs Platform company

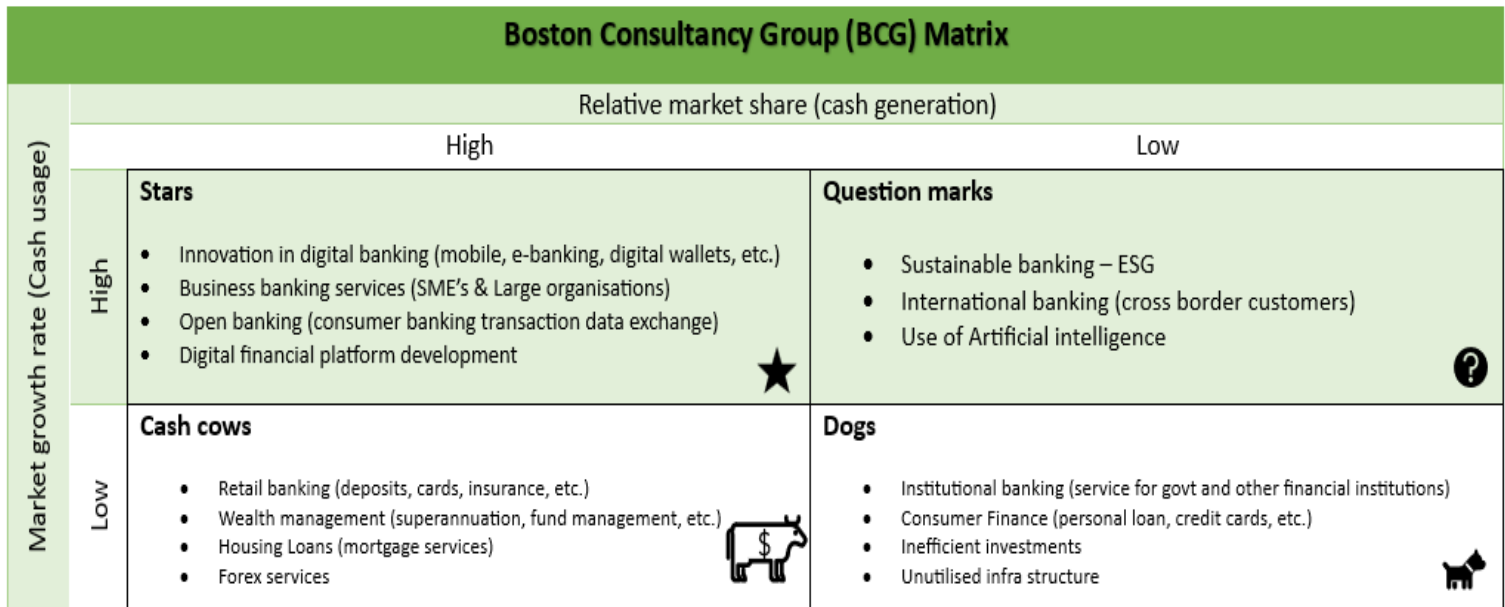


T. Garry - <https://www.linkedin.com/pulse/pipeline-business-vs-platform-tesla-comms-pty-ltd/>

### Appendix 6.3 – Westpac financial platform



### Appendix 6.4 – BCG Matrix



<https://www.bcg.com/about/overview/our-history/growth-share-matrix>

Appendix 6.5 – GE McKinsey Matrix

## GE McKinsey Matrix with Brief Instructions



<https://www.cascade.app/blog/ge-matrix>

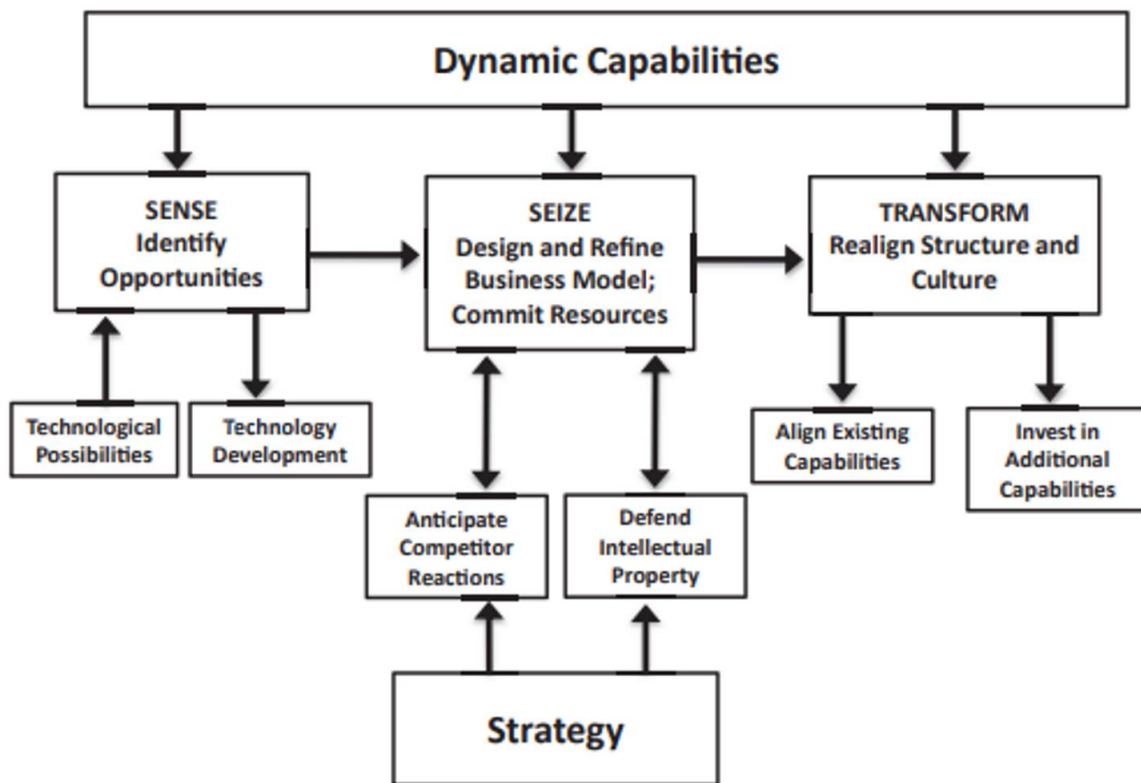


Appendix 6.6 – ANSOFF Analysis

Westpac Banking Corporation ANSOFF Analysis						
ANSOFF	Existing products			New Products		
Existing Markets	Market Penetration	Description	favorability	Market Penetration	Description	favorability
	Optimize online banking	Enhance and improve the existing digital capability and increase its efficiency and turnaround time.	++	Financial management app for budgeting	Develop and deliver customised mobile / online apps to strengthen customers with their budgeting skills.	+
	Increase engagement	Increase customer engagement by keeping them informed with potential services in their interest.	+	AI-Powered Financial forecast	Use AI to analyse customers transactions and forecast their future positions along with suggestions for their wellbeing	+++
	Attractive loans	Lucrative housing and personal loan options for various segments of society i.e. students, low-income segment, teachers, nurses, etc	+	Innovative insurance products	Introduce customised insurance products with a fee for various banking services	-
	Attractive term deposits	Attractive rates for term deposits to attract higher number of customers	-	Savings dashboard	Develop and deliver a saving dashboard for customers to help them to achieve their saving goals and targets	+
	Enhance Agri finance	Customise agricultural loans for different Agri-sectors.	+	Mobile payments	Facilitate buyer and seller to exchange fund via mobile numbers only.	+++
	Add new card brands	Introduce Union-Pay cards	-	Transaction risk scoring	Risk scoring system for online merchants to prevent them from online frauds.	-
	Low risk			Medium Risk		
New Markets	Expansion in Southeast Asia & China	Enter into another geography and capture more customers using strong brand name, also attract immigrants and expats from countries by giving them option to another account in their parent country.	+++	Digital financial platform	A complete end to end financial platform to enable value co-creating which will enable investors and borrowers to enter market at their own terms. Also, here different participants can also offer their services too.	++
	Stock Trading	Enter into global EFT trading business and give customers option to buy / sell stocks in numerous exchanges.	++	Blockchain banking	Develop an ecosystem of blockchain based banking supporting crypto's and their exchange as well	++
	Online remittances	Provide options to transfer over-sea remittances and capitalise on it.	+	Social media payments	A huge number of purchases are taking place on social media such as Facebook marketplace however there isn't any payment service available now and there is a huge opportunity to capitalise on here.	+++
	LC & Trade financing	Start supporting global business and traders by issuing letter of credit and trade financing.	--	Smart banking devices	A secure and efficient mobile device that can accept or make online payment and offer a wide range of financial service, an innovative idea	+
	Commodity market trading	Enter into global commodity trading market	--	New card brand	Westpac can also launch their own card brand like visa, Mastercard & AMEX and try to attract global customers	--
	Medium Risk			High Risk		

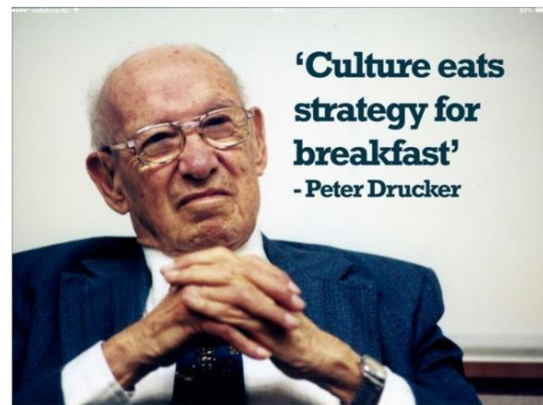
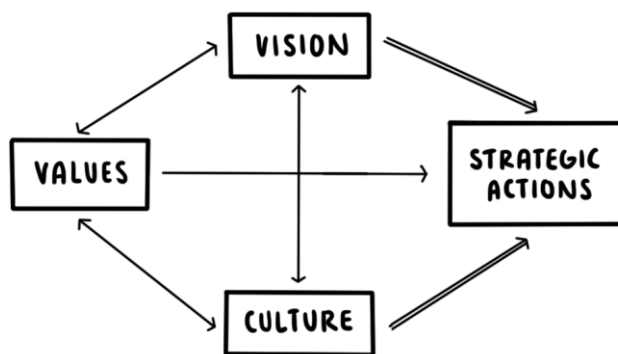
<https://www.ansoffmatrix.com/>

## Appendix 6.7 – Dynamic Capabilities



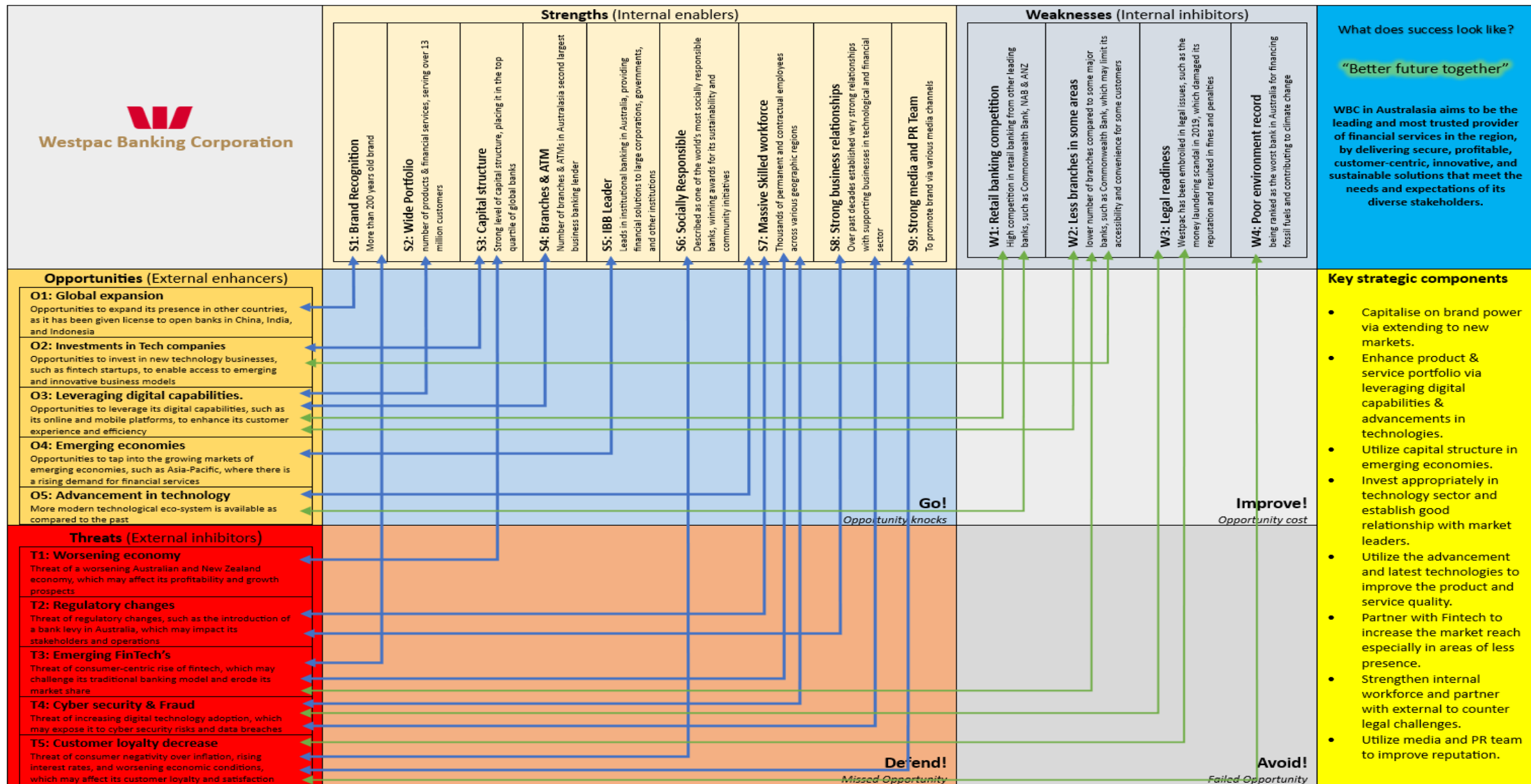
<https://cmr.berkeley.edu/2016/08/dynamic-capabilities/>

## Appendix 6.8 – significance of company culture

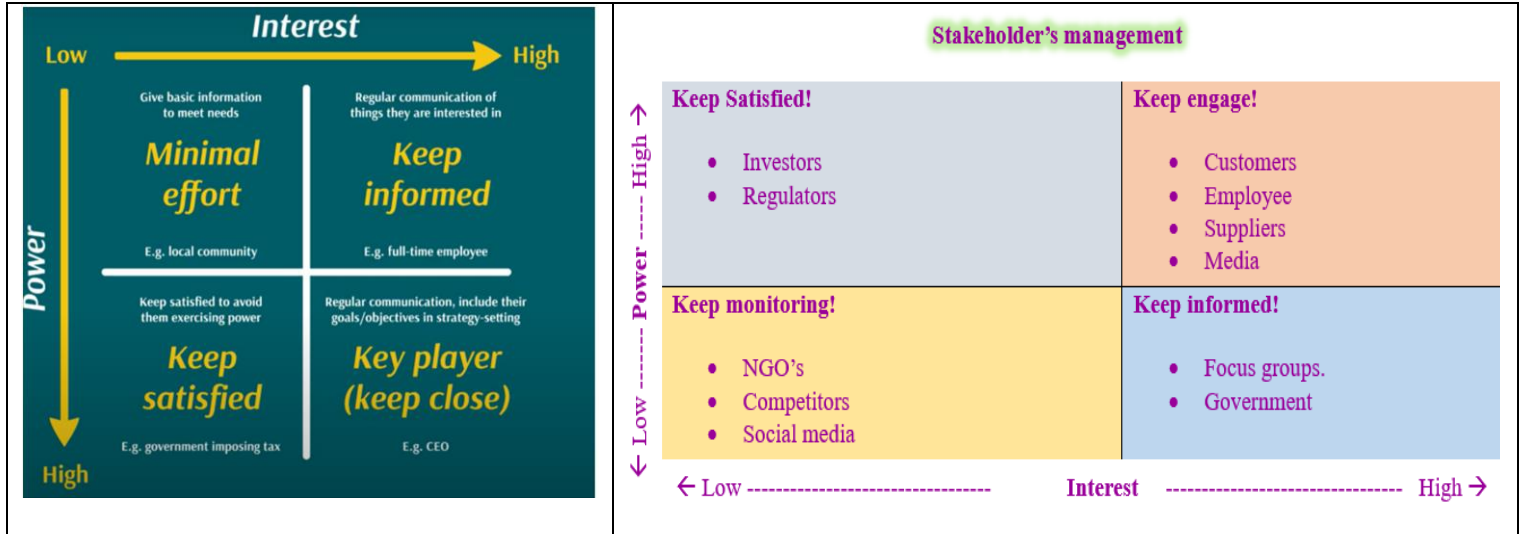


[T. Garry](#)

## Appendix 6.9 – SWOT Analysis

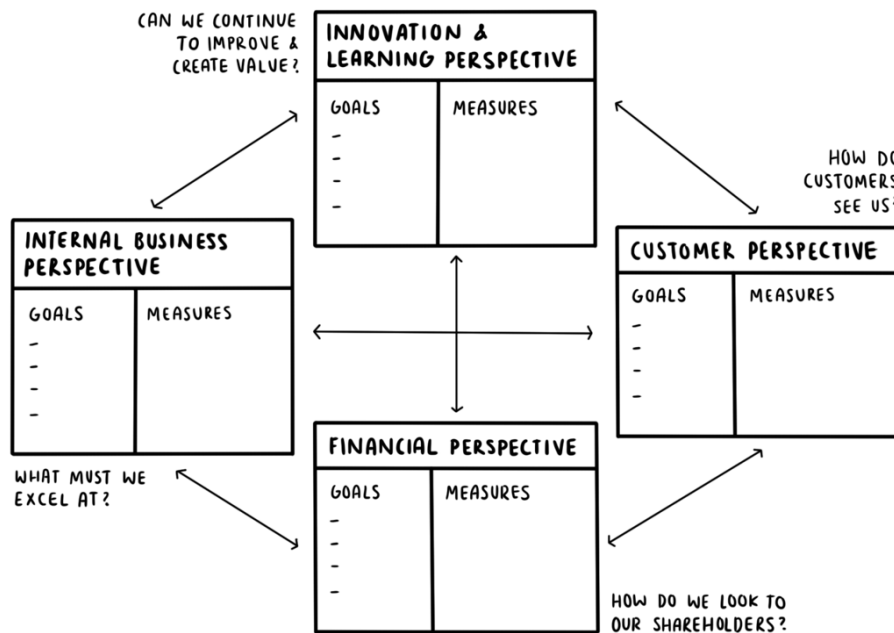


### Appendix 7.1 – Mendelow's Matrix



<https://blog.oxfordcollegeofmarketing.com/2018/04/23/what-is-mendelows-matrix-and-how-is-it-useful/>

### Appendix 7.2 – Balanced Score card



<https://asq.org/quality-resources/balanced-scorecard>



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