



### SOCIAL ISSUE

Priority social issue impacting your business

Financial Hardship



### THE PROBLEM WE'RE TRYING TO ADDRESS

Background information as to how the social issue intersects with the business and why it needs to be addressed

In 2013, our collections dept performance trailed those of the other major banks and received the highest number of FOS complaints of any Australian bank.

- NAB's culture & approach based on a lack of trust in the customer
- Financial hardship process was laborious
- Our staff reviewed applications through a complicated risk-mgt procedure
- Our internal processes and systems were too slow
- Outdated technology
- Each FOS complaint costs NAB an avg \$1,800 in fees & mgt time
- Recovery rates of customer debt were extremely poor
- Reverting quickly to 3rd party debt collection agencies
- High staff turnover in the collections dep't resulting in increased costs for recruiting & training
- Staff lack of understanding of financial hardship
- Lack of formal staff induction or ongoing development training



### OUR OVERARCHING AIM




Overarching objective of the shared value project/initiative for your organisation.

Supporting customers in financial hardship in order to retain customers and improve their financial wellbeing

**“NAB realised that when you treat people better, when you respect them, when you communicate authentically and make changes in the business to accommodate their needs, you get a financial return, you get a reputational return and you get an internal cultural return,”**

Stella Avramopoulos, former CEO of Kildonan Uniting Care (NAB Assist Partner)

## PART 2: ALIGNMENT TO COMPANY PURPOSE

 <p><b>LINK TO COMPANY PURPOSE</b></p> <p>Outline how this issue links to your organisation's purpose</p>	 <p><b>SUSTAINABLE DEVELOPMENT GOALS</b></p>		 <p><b>CREATING SHARED VALUE PILLARS</b></p> <p>List which 3 pillars of shared value goals are relevant to this project/initiative</p> <ol style="list-style-type: none"> <li>1. Reconciving Products &amp; Markets</li> <li>2. Redefining productivity in the value chain</li> <li>3. Local cluster development</li> </ol>
	<p><b>GOALS</b></p> <p>List SDG's relevant to this project/initiative</p>	<p><b>TARGETS</b></p> <p>Outline how the project/initiative is addressing the specified UN targets associated with this SDG</p>	
<p>We aim to be Australia's leading bank, trusted by our customers for exceptional service.</p>	<p>No poverty</p>	<p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p>	<ol style="list-style-type: none"> <li>1 - Reconciving products &amp; services</li> <li>2 - Redefining productivity in the value chain</li> </ol>

## PART 3: PROJECT DETAILS

 <p><b>WHAT ARE WE GOING TO DO?</b></p> <p>What is your organisation's broad commitment to action through the project /initiative?</p>	 <p><b>HOW ARE WE GOING TO DO IT?</b></p> <p>How is your organisation going to approach delivering on that commitment?</p>	 <p><b>WHO DO WE NEED TO WORK WITH?</b></p>		 <p><b>WHAT ARE OUR KEY TIMINGS?</b></p> <p>Key milestones and timings to deliver this initiative</p>	 <p><b>IS THE IDEA SCALABLE?</b></p> <p>How can your business take this idea to scale?</p>
		<p><b>INTERNAL STAKEHOLDERS</b></p> <p>List relevant expertise needed to activate this activity</p>	<p><b>EXTERNAL STAKEHOLDERS &amp; PARTNERS</b></p> <p>List relevant customer groups, suppliers and partners required</p>		
<p>Reshape NAB's hardship assistance program to benefit customers and the business</p>	<ul style="list-style-type: none"> <li>Engage Kildonan Uniting Care team to conduct a review of the bank's financial hardship process</li> <li>Redefine values and expectations of staff performance and conduct</li> <li>Place positive customer outcomes at the center of efforts</li> <li>Deep training and support for staff around customer hardship</li> <li>Start with a pilot to then be rolled out to the division</li> <li>Review and further training</li> <li>Introduction of new performance metrics</li> </ul>	<ul style="list-style-type: none"> <li>NAB Customer Care Department</li> <li>Leadership team</li> <li>HR team</li> <li>Social Innovation Team</li> <li>Hardship Bond (which team was this through)</li> <li>Virtual Lifestyle Coach (which team was this through)</li> </ul>	<ul style="list-style-type: none"> <li>Kildonan Uniting Care</li> <li>CareRing</li> <li>Referral partners e.g. Life Line</li> <li>Utility partners</li> <li>Third party debt collectors</li> </ul>	<ul style="list-style-type: none"> <li>Research - 2013</li> <li>Report - early 2014</li> <li>Development of plan - 2014</li> <li>Staff training - 2014</li> <li>Pilot program - 2014</li> <li>Roll out of program - 2015</li> <li>Review and further training - 2016</li> </ul>	<p>Involve the Social Innovation Team to expand this new thinking to other parts of the business and external partners and explore opp's across the bank to demonstrate commercial returns from improving customer outcomes and explore social challenges as a source of product innovation, including:</p> <ul style="list-style-type: none"> <li>Agribusiness 'Natural Value'</li> <li>Clean Energy Finance portfolio (first Australian Bank 'Green Bond')</li> <li>Origin Energy partnership</li> <li>CareRing</li> <li>A 'Virtual Lifestyle Coach' predictive data analytics platform</li> </ul>

**PART 4: MEASUREMENT & ASSESSMENT**



**WHAT ARE WE GOING TO MEASURE?**



**HOW ARE WE GOING TO MEASURE IT?**

<p><b>BUSINESS VALUE CREATION</b> Specific business KPIs/goals that could be created through this initiative</p>	<p><b>SOCIAL VALUE CREATION</b> Specific social KPIs/goals that could be created through this initiative</p>	<p><b>BUSINESS VALUE MEASUREMENT</b> Projected or measured business value created/metrics through this initiative</p>	<p><b>SOCIAL VALUE MEASUREMENT</b> Projected or measured social value created/metrics through this initiative</p>
<ul style="list-style-type: none"> <li>• Measure of amount avoided in lost collections revenue</li> <li>• Reduction % in customer complaints both internal and through FOS</li> <li>• Employee engagement (% change) Customer repayment improves (% change in kept rate of arrangements)</li> <li>• Customer satisfaction (through NPS feedback system)</li> </ul>	<ul style="list-style-type: none"> <li>• Customers financial health improved by referrals to Kildonan Uniting Care</li> <li>• Introduction of new performance metrics e.g. customer cure rate and customer satisfaction results</li> <li>• Development of a Quality Framework to monitor and assess the effectiveness of customer calls</li> </ul>	<ul style="list-style-type: none"> <li>• The bank avoided \$60mn of lost collections revenue in 2016 &amp; \$75mn in 2017</li> <li>• Almost \$1m savings in annual complaints processing costs</li> <li>• Annual employee engagement scores increased from 65% to 83% between 2016 and 2017</li> <li>• Implemented a new third party debt collection process</li> </ul>	<ul style="list-style-type: none"> <li>• 298 direct referrals to Kildonan Uniting Care Ring and Life Line in FY17</li> <li>• Customer satisfaction improvement - Net promoter scores for NAB Assist went from +1 in 2014 to +68 (these scores sit within the top 10% of NPS interaction scores measured across the bank)</li> <li>• Reduction in customer complaints concerning financial hardship from 887 in 2013 to 356 in 2017</li> </ul>