

## PART 1: THE PROBLEM



### 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, NAB's culture and approach was based on a lack of trust in the customer, which saw our collections department performance trail those of the other major banks.

- The financial hardship process was laborious and applications were reviewed through a complicated risk-management procedure
- We were using outdated technology and our internal processes and systems were too slow
- Each FOS complaint costed NAB an average of \$1,800 in fees & management time, and NAB was getting the largest amounts of FOS complaints out of the major banks
- Recovery rates of customer debt were extremely poor and we were reverting quickly to 3rd party debt collection agencies
- High staff turnover in the collections department resulting in increased costs for recruiting and training
- Lack of formal staff induction or ongoing development training and staff lacked an understanding of financial hardship



### LEVELS OF SHARED VALUE

Consider how each of the three levels of shared value are relevant to this project:




1. Reconceiving needs, products and customers
2. Redefining productivity in the value chain
3. Improving the local ecosystem surrounding your business environment

- 1 - Reconceiving needs, products and customers
- 2 - Redefining productivity in the value chain








# ACTION PLAN FRAMEWORK | NAB CASE STUDY

## PART 2: ALIGNMENT TO COMPANY PURPOSE AND STRATEGY

 <p><b>LINK TO COMPANY PURPOSE</b></p> <p>Outline how this issue links to your organisation's purpose</p>	 <p><b>STRATEGIC ALIGNMENT</b></p> <p>Outline how this project aligns with the overall strategy of your organisation</p>	 <p><b>SUSTAINABLE DEVELOPMENT GOALS</b></p>	
		<p><b>GOALS</b></p> <p>List SDGs relevant to this project</p>	<p><b>TARGETS</b></p> <p>Outline how the project 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>Supporting customers in financial hardship in order to retain customers and improve their financial wellbeing</p> <p><b>“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,”</b></p> <p>Stella Avramopoulos, former CEO of Kildonan Uniting Care (NAB Assist Partner)</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>

## 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?</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 project</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 centre 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 pilot and conduct 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> </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 exploring social challenges as a source of product innovation and improving customer outcomes, 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 AND ASSESSMENT



### BUSINESS VALUE CREATION



### SOCIAL VALUE CREATION

<b>BUSINESS VALUE GOALS</b> Specific business KPIs/goals that could be created through this project	<b>BUSINESS VALUE MEASUREMENT</b> Projected or measured business value created/metrics through this project	<b>SOCIAL VALUE GOALS</b> Specific social KPIs/goals that could be created through this project	<b>SOCIAL VALUE MEASUREMENT</b> Projected or measured social value created/metrics through this project
<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)</li> <li>• 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>• 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>• 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>• 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>